46
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The magazine of the corporate world
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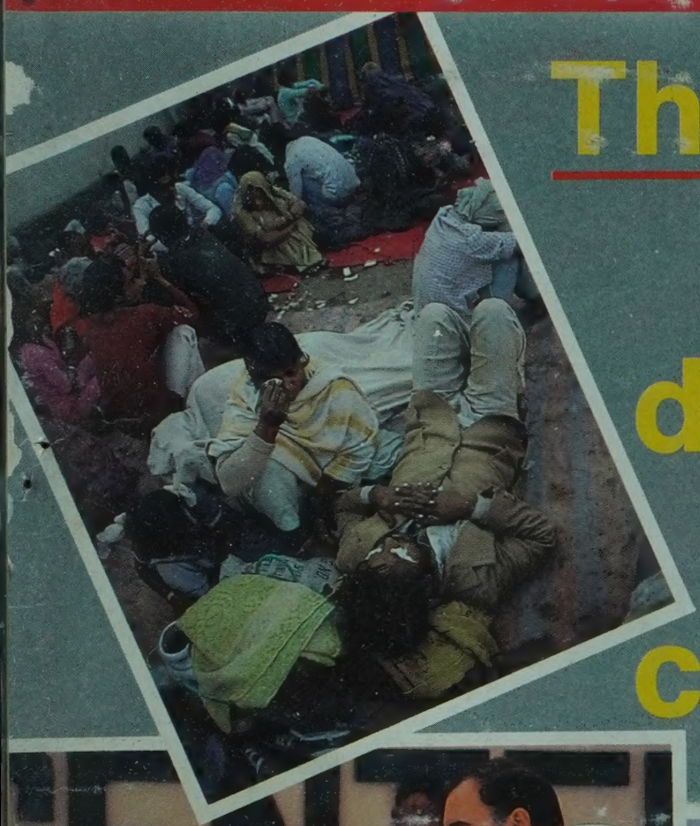
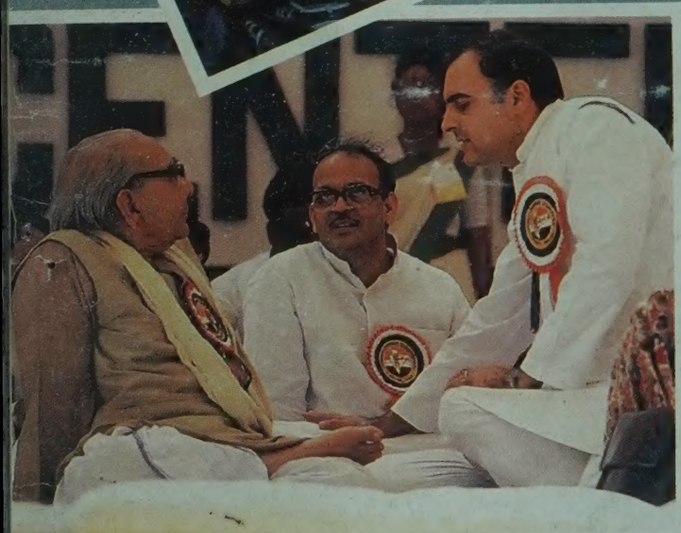


The 1980s
A decade of change



INSIDE

Madhu Dandavate speaks

Kalyani's global ambitio

New India Assur

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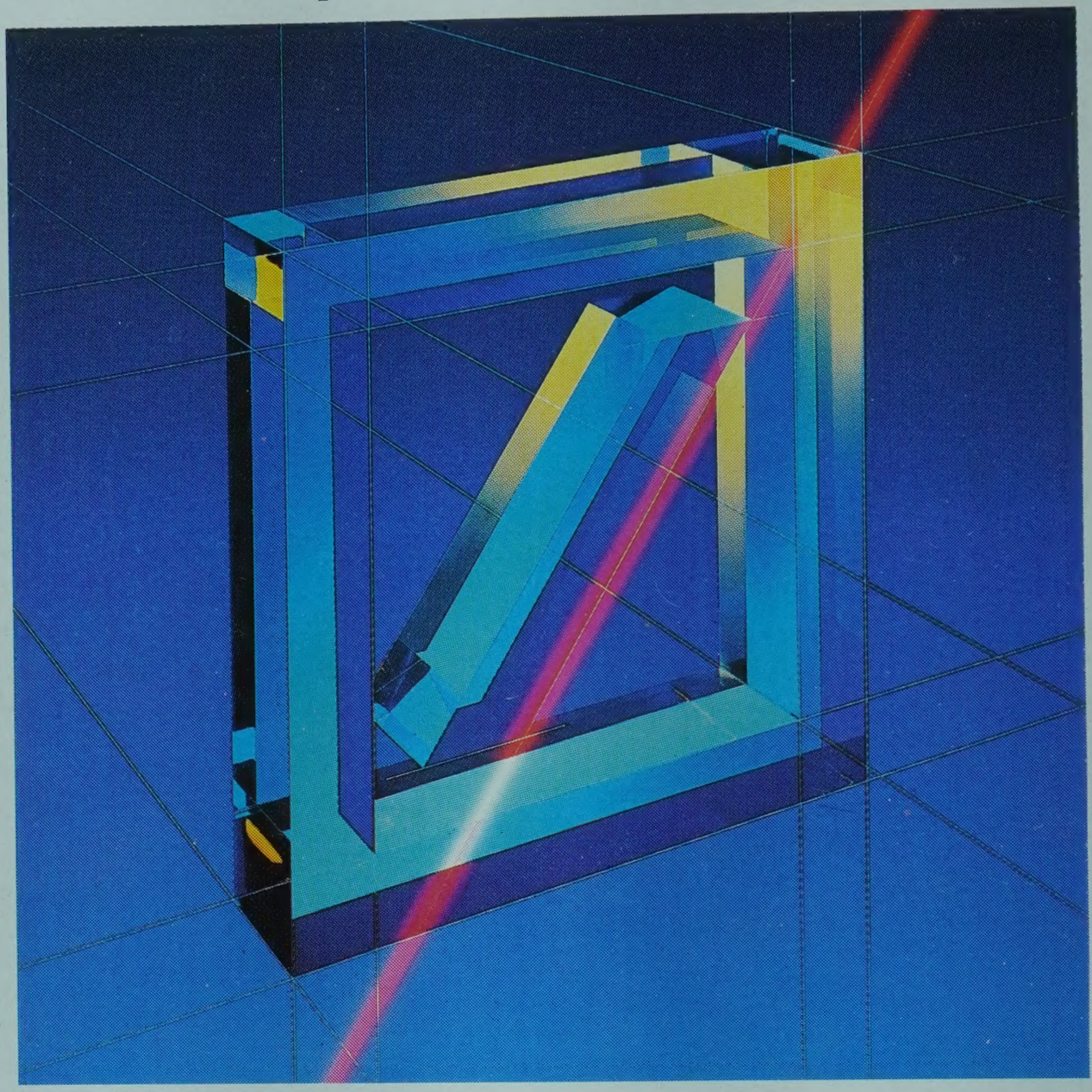

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307
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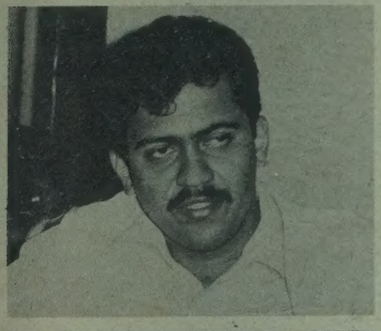
COVER FEATURE

50 A decade of change
Politics, economics and culture — almost everything has been transformed beyond recognition in the last ten years. By and large positive, the changes also offer hope that the hitherto inefficient industrial sector of India will be a fighting machine — egged on by the equity cult and consumerism
SUTANU GURU and others

CORPORATE REPORTS

101 KALYANI group
Towards globalisation
The tough days appear to be over for this low-profile Pune based industrial group which is now going in for a massive expansion — with an eye on vertical integration and exports
DILIP MAITRA



117 TVS WHIRLPOOL
Into a crowded market
The venerable TVS group is making a foray into a crowded consumer durables segment, with the confidence born of its own considerable experience in light engineering and the backing of a strong US collaborator.
SUSHILA RAVINDRANATH

119 NEW INDIA ASSURANCE
An innovative streak
The largest insurance company in the country keeps ahead by constantly introducing innovative schemes and expanding its branch network
RAJU BIST

123 AK STRUCTURAL
Is the worst over?
Despite owning some really sophisticated moulding technology, the young company is yet to move into the black.
ROOP KARNANI

129 TALKING TO
The new 70-year-old union finance minister, Madhu Dandavate and the industries minister, Ajit Singh speak to *Business India* on a horde of issues facing the newly elected government at the Centre.
R.S. VENKATESH

25 BUSINESS NOTES
The Rs.43.59 crore-project to improve the roadways of Bombay is a concrete step

The keenest noses were at the international congress of fragrances and flavours held in New Delhi last month

The Indo-German technology meet this month will reaffirm the trade bonds between the two countries

The elections overshadowed the India International Trade Fair — '89 held in New Delhi in November

The Kerala government's agency to rehabilitate emigrant workers returning from the Gulf finally sits up

32 FOLLOW UP
With the month-long strike being called off at Telco, Pune, the engineering giant seems to be on the threshold of peace
SHEKHAR GHOSH with ROOP KARNANI

Six months after IDM's takeover by the HCL-Mittal group, the floundering company has turned around with encouraging profitability figures
SHEKHAR GHOSH

44 COLUMN
Will the proven management concepts stand the test of competition from the East, asks
PARTHA S. GHOSH

136 INTERNATIONAL
India should not have ignored the newly-formed Asia-Pacific Forum says
VIJAYAN KANNAMPILLY

224 INTERVIEW
Kamal Morarka, treasurer of Janata Dal
DILIP MAITRA

22 Businessmen in the News
25 Business Notes
42 Centre
44 Column
150 Corporate Monitor
101 Corporate Reports
50 Cover Feature
170 Deposits
37 Economic Indices
39 Economic Outlook
185 Executive Ladder
32 Follow Up
10 For Your Information
136 International
224 Interview
173 Investor Contest
176 Jobwatch
3 Letter from the Publisher
5 Letters to the Editor
13 Listening Post
165 Market News
14 News and Events
167 New Issues
181 People
175 Professional Profile
186 Reader Service
168 Stockmarkets
129 Talking to
141 World Paper

Published and printed by
A.H. Advani
of BUSINESS INDIA
Wadia Building, 17/19 Dalal Street, Bombay 400 001,
at the Tata Press Limited,
Bombay 400 025
& Phototypeset by
Business India Photosetters.

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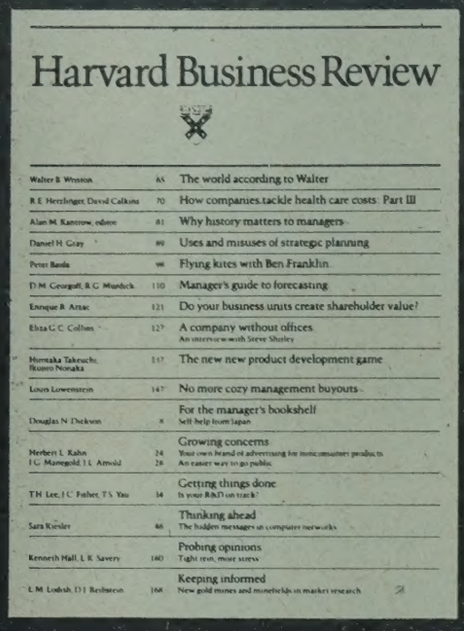
Harvard Business Review

Walter B. Wriston	65	The world according to Walter
R.E. Hertzinger, David Calkins	70	How companies tackle health care costs: Part III
Alan M. Kantrow, editor	81	Why history matters to managers
Daniel H. Gray	89	Uses and misuses of strategic planning
Peter Banks	98	Flying kites with Ben Franklin
D.M. Georgoff, R.G. Murdick	110	Manager's guide to forecasting
Enrique B. Arias	121	Do your business units create shareholder value?
Eliza G.C. Collins	127	A company without offices An interview with Steve Shirley
Hirotaka Takeuchi, Ikujiro Nonaka	137	The new new product development game
Louis Lowenstein	147	No more cozy management buyouts
Douglas N. Dickson	8	For the manager's bookshelf Self-help from Japan
Herbert L. Kahn I.G. Manegold, J.L. Arnold	24 28	Growing concerns Your own brand of advertising for nonconsumer products An easier way to go public
T.H. Lee, J.C. Fisher, T.S. Yau	34	Getting things done Is your R&D on track?
Sara Kiesler	46	Thinking ahead The hidden messages in computer networks
Kenneth Hall, L.R. Savery	160	Probing opinions Tight rein, more stress
L.M. Lodish, D.J. Reibstein	168	Keeping informed New gold mines and minefields in market research

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Power and the Ambitious Executive
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Problems of a New Executive
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Thriving in a Recession

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Simple Truths of Japanese Manufacturing
Every Factory Has a Life Cycle
Sweeping Changes in Distribution
Demand Better Results—And Get Them
Guides to Inventory Pricing
Productivity Management
What Happens When Our Oil and Gas Run Out?

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Making the Major Sale

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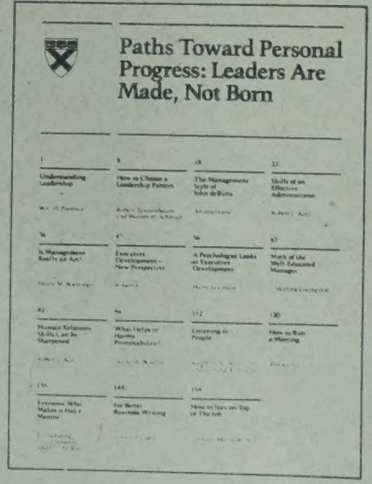
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Design	Trilokesh Mukherjee
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Design Team	Raphael Fonseca, Bertie D'Souza, Mukesh Pandya, Andrew Gonsalves
Production Manager	Henry Serrao
Distribution	India Book House Pvt Ltd
Registered Office	Wadia Building, 17/19 Dalal Street, Fort, Bombay 400 001. Tel: 274161/271558
Editorial, Marketing, Advertising & Administration Office	Nirmal, 18th floor, Nariman Point, Bombay 400 021 Tel: 204 6236/202 4422/202 4424 Telex: 11 3557 BZIN IN
Delhi Office	59, Regal Building, Connaught Circus, New Delhi 110 001 Tel: 312485 Telex: 031-61359 NFW IN
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LETTER FROM THE PUBLISHER

The eighties have been a decade of bright change, particularly in the latter half. Our society has undergone a radical change, particularly as economic changes began to have an impact. Lifestyles have begun to change. More importantly our social ideas had begun to change.

A highly visible aspect of change has been the emergence of a consumerist society. Since almost third of our people live in poverty, the contrast is even greater.

Given our great Gandhian tradition, which produced an austere ethic, any signs of consumption seem wrong to a generation brought up on Gandhian values.

There is no denying the importance and validity of Gandhiji's social values even today. This is particularly so, given the fact that large sections of India still lives in poverty and ignorance. It is precisely for these reasons that we at *Business India* have always advocated that the entire resources, including managerial resources, of the government must be devoted to these have-nots.

But at the same time it is true that equally large sections of society are beginning to enjoy the fruits of development. Economic development in this century, particularly in the west, has shown that what used to be considered as luxuries can be items of mass consumption, within the reach of all sections of society. In the west, and even in the newly industrialising countries, a TV, a vehicle and a home are commonly available to every level of society. What we are seeing in India is a move in the same direction, where the so-called luxury goods are freely available to all.

In our view, these changes only will accelerate and cannot be stopped. If anything, the nineties will see even greater change.

.....※.....

We were fortunate to get an interview with Mr Madhu Dandavate, the finance minister, as well as Mr Ajit Singh, the industries minister. Both of them were kind enough to spare us time soon after being sworn in. Obviously, they have not had an opportunity to formulate their plans in any detail. But we felt it would be both useful and interesting to our readers to get the general ideas of both the ministers. In the coming weeks, we hope to do several more interviews, with specifics as far as possible, with other members of the council of ministers.

Ashok H. Advani

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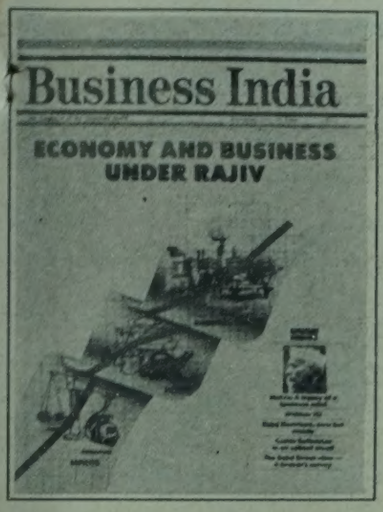

• Why Rajiv?

The editorial (13 November) defies all reason. The policy of liberalisation of the economy was set in motion during V.P. Singh's tenure as finance minister and Rajiv Gandhi had little to do except to push the proposal through. After V.P. Singh's tenure there has been no major shift in policy by Rajiv Gandhi. In this context, our country under V.P. Singh, despite all assumed troubles is bound to be a boost to the Indian economy.

R. SHYAM SUNDER
Coimbatore

• Smaller annual reports

'Abridged annual reports' (Accounting, 13 November) was well researched. If cost is such an overriding consideration, why not print annual accounts with full information on cheaper newsprint? Nowadays annual accounts are printed on expensive art paper with colour photographs to make up for the mediocre performance of companies not to speak of holding AGMs in five star hotels.

Even today, AT&T America prints its annual accounts on cheap newsprint, as according to its chairman, the purpose of the report is lost soon after the meeting.

Companies in India can afford to print complete annual accounts but refrain from doing so in order to avoid inconvenient queries from shareholders.

Anand Rathi's remarks that only 5 per cent of the shareholders read the full annual accounts is absurd. It is the duty of company executives to render accounts to the investing public whether they are read or not.

P.N. VISWANATHAN
Madras

• Verdict awaited

I read with interest the article on the phenomenon of VRS spreading across the Indian industry—both private and public sector (Feature, 13 November).

The government of India has exempted the income accruing to the employees of public sector industries on account of VRS, from IT by an amendment to the Finance Act 1987, but the same is denied to the private sector. A Philips (Peico) employee at Bombay has filed a writ petition in the Supreme Court challenging the validity of the amendment as 'unconstitutional'. (Incidentally, Peico has launched the VRS scheme as part of their turnaround plan).

The final judgment is yet to be announced, and I understand that the government has every intention of extending this benefit to the private sector employees also.

V. RAMACHANDRAN
Madras

• The Sarovar controversy

Your magazine has taken a humane approach to the controversy of Sardar Sarovar (Special Report, 30 October).

The sheer authoritarian audacity and sadism with which the Gujarat chief minister publicly declared 'his willingness to call out troops, if necessary' to prevent any obstruction of the construction work on the gargantuan dams across the Narmada, is really astounding. We do not want any development if it adds to the woes of a large number of fellow-Indians.

K.R. RANGASWAMY
Madras

• 'Sarovar controversy' was well researched and thought provoking. The author has logically and systematically made out a case against large irrigation projects and one cannot but agree with him.

I wish our modern-day planners would read the article and sensibly decide to abandon the controversial project.

VIJAY WADIA
Delhi

• My heart-felt regards to Baba Amte and other intellectuals who have come forward to raise basic issues concerning destruction of environment and harassment of the poor. Let all industrialists and intellectuals come forward to take up the issue of providing fundamental facilities to thousands of tribals in MP.

Let this be a lesson to the highly paid project planners of all such projects.

T.D. CHAKRABARTI
Baroda

• The article on the Sardar Sarovar controversy gives the reader a complete insight into the issue and answers the layman's doubts and apprehensions. The time has come to fight against the government attitude of thrusting mega projects on the people.

ASHOK GOKHALE
Bombay

• A point to make

This refers to 'The banking imbroglio' (Labour, 30 October). The author has stated that the AIBEA (All India Bank Employees' Association) is affiliated to the All India Trade Union Congress (AITUC).This is not true. The AIBEA is an independent trade union of about 6,50,000 bank employees, and not affiliated to any trade union.

K.K. SHARMA
Jodhpur

• The peoples' products

While the low cost PC is welcome, (Corporate Report, 30 October) its impact on the market is expected to be marginal as the scheme does not focus on providing application solution to users. The price of the PC is already hiked by 10 per cent (from Rs.10,000 to Rs.11,000) within two months of the announcement of the scheme. One only hopes that the people's PC does not follow the trend of the people's car.

T. KRISHNA KUMAR
Bangalore

• Polymer prices

We have strong opinions about IPCL's price fixing. (Corporate Report, 30 October) They have kept polymer prices in India high and perhaps at the highest level in the world for two reasons (a) PIL, Nocil, Polychem, etc. are small compared to IPCL. Still, the other polymer producers who have a higher production cost per unit, can get handsome prices for their polymers in India and continue to do so when they should be, say, 30 to 40 per cent lower. (b) huge import duty protection allowed by the Indian government.

If IPCL had fixed reasonable prices in the early 80s, other polymer producers would have been compelled to set up larger plants with modern technologies, rather than flog their 25-year-old plants in India. At affordable costs of Rs.22 and Rs.24 per kg. consumption of polymer can double in 2 to 3 years. In 1989, the Planning Commission suggested a cut in polymer costs for the benefit of this industry. IPCL was allowed import of LDPE and the pooled prices in 1987-88 stood at around Rs.26 per kg. Today, when imported LDPE costs Rs.26 per kg, IPCL still sells LDPE at Rs.30.

RAJIV B. TOLAT
Hon. Secretary,
All India Plastic Dealers' Association,
Bombay

• Quality of exports

'The question of export ability' (Management, 30 Oct) is well presented. May I add one more point: innovation in design and technology. This was the pillar on which the Japanese export empire was built but this aspect was grossly neglected by influential corporate giants in India.

So much so, automobiles manufactured here have not changed for the last 20 years ex-

cept for the design of the grill gaurd above the bumper and placing of meters/indicators in the panel board. Cigarette packs have incorporated no change too. Compare Dunhill and Rothmans who have introduced several changes in the last 10 years. A starving local market may buy whatever is produced but not an export market which looks for attractive changes.

K. ARUNACHALAM
Jeddah

• The right initials

In Executive Ladder, Associations (30 October) the initials of Krishnakumar, president of the United Planters Association of Southern India is wrongly printed as P.K. It should be R.K. Krishnakumar, he is now one of the joint managing directors of Tata Tea Ltd.

S. KRISHNAMOORTHY
Assistant Manager,
Tata Tea Ltd,
Ernakulam

• Constructive approach

The cover feature on Telco, 'Tough times' and the editorial (16 October) gives one the impression that the turmoil is basically an ego clash between Ratan Tata and Nair. This attitude, in a Tata organisation which is known for its human approach to management problems.

At a time when the situation is beyond control, top management should adopt a positive and constructive approach. The personnel wing has failed in its primary job of dismantling the cloud of mistrust at the grassroots level which should have nurtured a sense of belongingness in the workforce.

MANOJ K. SINHA
Ranchi

• Status quo at AI

The contemporary look to attract the contemporary international business traveller is the main thrust for the image transformation of Air India. 'The Maharajah's new clothes' (Marketing, 16 October). Walking the aisle of flight AI 132 as a paying first class passenger from London to Bombay on Nov.5, it was obvious to me that all, but two of us, were either "Air India crew" or upgraded passengers. Other paying passengers were asked to relocate an economy class passenger. Such occurrences will only force Air India to depend on the loyal high volume of discounted passengers, who traditionally have kept the airline flying.

The $ 35 million wardrobe will not improve its image of tardiness, inefficiency and lack of timely communication of arrivals and departures. The British Airways agent at Heathrow in London manning the Air India counter was more helpful than the Air India agent. A contemporary jet traveller expects certain basics like luggage racks, hand towels and working toilets to be provided and not costly Indian sculptures, paintings, etc. at international airports. I wish Air India would look at itself through the eyes of its travellers.

K. RAMASWAMY
Massachusetts

• Telco's HCVs

Road transport has always played a vital role in the country's economic development. TELCO, one of the largest suppliers of heavy commercial vehicles, undoubtedly plays an important role (Cover Feature, 16 October). An amount of Rs.210 crore i.e. shortfall of 9,080 vehicles in Pune's production target is a direct loss to gross national product (GNP). Trade unions have to accept that pressure of any kind on transport industrialists, whether of the nature of industrial dispute or law, does hamper production.

ARVIND KHARE
Jabalpur

• Raising productivity

Economic Outlook (16 October) is more a review of the book, In Search of Productivity by G.K. Suri and Jagdish Kumar. Also, productivity is purported to be the amount a worker produces in a particular time period. This misconception is based on the fact that there is no perfect measure of productivity in industry and labour productivity is normally taken as an index. It may well be remembered here that the worker's share of work depends more on factors like available, technology and machinery provided, the quality of materials, guidance and so on. The essence of productivity is a continuous search for methods, techniques, and processes and in using these to achieve the best possible output.

However, the driving force behind all factors of productivity is human resource.

B.K. BIYANI
Calcutta

• Maharashtra leads

This has reference to Interview, (16 October). I refer to a question which mentions that "Maharashtra is second only to West Bengal as the state with the largest number of sick units." According to R. Ganapati, president of BIFR, Maharashtra with about 133 thousand sick units, leads as far as industrial sickness is concerned, followed by West Bengal with about 95 thousand sick units. Source: *Daily Sakal*, August 13, 1989.

H.N. KUNDEN
Pune

• A correction

In Executive Ladder (16 October) V.D. Saptrishi is stated as having been appointed executive director, BOI Finance Ltd. He is the chief executive and not the executive director.

V.H. RAMAKRISHNAN
Joint chief executive,
BOI Finance Limited,
Bombay

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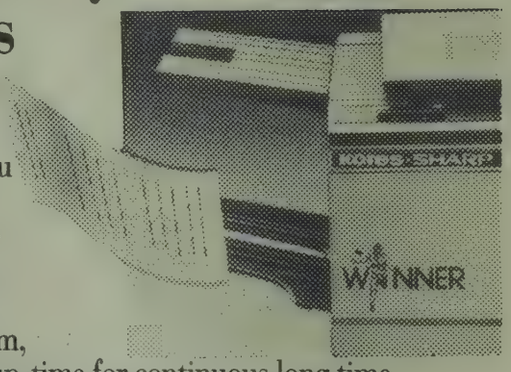

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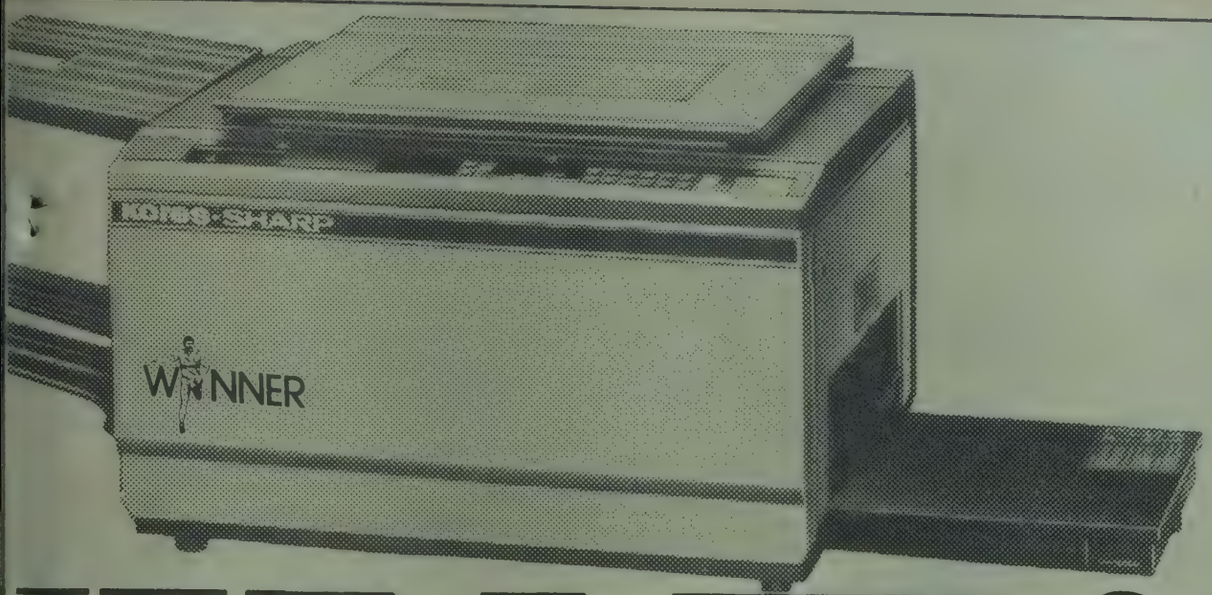

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Marathon jobs

The claim to fame of Kothagudem in Andhra Pradesh is its coal mines, not its long-distance runners. But if the sight of young men running along its crowded streets is any indication, it could soon be churning out champions.

The facts are, of course, more mundane than the fantasy, not one of the teeming athletes has been inspired by the dream of a medal. It is just that the public sector Singareni Collieries has, over the last five years, adopted an imaginative screening procedure for recruiting unskilled employees.

Instead of asking jobseekers to undertake harsh fitness tests like long-distance crawling, the applicants are asked to run a 5 km stretch. Those

who complete the course are given appointment letters.

According to the management, about 2,000 candidates apply each year and the scheme has proved quite successful. Long-distance runners have begun to see Singareni Collieries as a job-mine.

VISHWANATH K. SAWANT
Bombay

Patent for bitterness

A chemical compound called "denatonium saccharide" is an innocent looking fine, white powder. However, it holds an "awful" world record of possessing the most bitter taste.

Its inventors claim that its nasty, appalling taste even defies its dilution to one part in 100 million. When compared with denatonium benzoate, another chemical which held the title previously, it is five times more vile.

Its invention would be a boon to several industries. When used as an additive, it would stop rats from gnawing through cables and would also deter animals from eating plants — a phenomenon which had been difficult and expensive to curb hitherto.

DEEPAK S. TAUNK
Bharuch

Lack of work causes stress

According to a report recently issued in the UK, health experts reveal they have identified a new form of stress, caused by people not having enough work to do.

BUPA, a private health insurance group, claims 15 per cent of sick leave is caused by stress. Some of this stress is identified as 'underload', when a job is not challenging enough and when it does not fulfil the employee's true potential.

Psychologists in BUPA's occupational health department maintain that people traditionally see stress as a result of over working. However, it is now believed that when employees do not have enough work, they have time to worry about other problems, perhaps.

It is estimated that 360 million working days were lost each year through sickness and absenteeism. In certain cases, sick pay accounts for 7.10 per cent of a company's wage bill.

In the light of such findings, BUPA has urged employers to use ways of eliminating 'underload' by calling on them to delegate work to employees who, the report maintains, are often too shy to approach their bosses to ask for more work.

Award for service from a 'merchant of death'

How the coveted Nobel Prizes came to be instituted makes interesting reading. Set up under the will of Alfred Bernhard Nobel (1833-96) — the Swedish chemical engineer who invented dynamite in 1866 — the prizes are presented annually on 10 December, the anniversary of Nobel's death.

In his book *Who wants to be a millionaire?*, Nobel says he took to philanthropy when his brother died in 1888 and a Paris paper, with Gallic enthusiasm, published Alfred's own obituary by mistake. In the rare experience of this sneak preview, Nobel found himself described, among other things, as 'a merchant of death'. So shocked was he, that in contrition he founded the Nobel Academy in order to give substantial cash prizes to those who had done most for the uplift of mankind — rather than kill them off, as his own product had done.

K.U. BHANU
Madras

State of estate

While reading an ad for real estate or listening to an agent's glib spiel, it is important to really understand estate agentese. For those not acquainted with the language here is a sampling of the more common expressions.

Estate Agentese	English
Unique opportunity to purchase...	We are having difficulty in selling
an interesting...	an ugly....
compact...	very small...
Cottage-style... residence in need of a little enhancement...	Poky.... house, which is falling down...
in exclusive quiet area...	a long way from shops and public transport
This unique property...	This house, which is just like all the others in the road...

MICHAEL R. PATRAO
Mangalore

Business India invites readers to send original unpublished contributions to this page. The snippets can be humorous, insightful, outrageous or simply, informative. Each snippet must carry this coupon.

Rs. 50 paid for each published contribution

A question of faith

The London-based Al Baraka International Bank is making inroads into the Indian banking scene. Owned by Jeddah-based Saudi entrepreneur Sheikh Saleh Kamel, Al Baraka has apparently plans to establish an Al Baraka Investment Bank in Bombay on Islamic banking principles with a paid up capital of US $ 5 million. The Bank will initially be financing India-Middle East trade on short term *Murabaha* (cost-plus financing).

In Islam, money is seen purely as a means of exchange with no intrinsic value of its own. Unless money is translated into a productive process, it is considered immoral to pay a premium for it. This tenet underlines the prohibition of *Riba*, which means usury or interest, whether as a charge or as a payment. By extension, all transactions with a guaranteed return are outlawed; each must bear an element of risk. The facilities of Islamic financial institutions are open to all (not necessarily Muslims only).

Mudaraba (trust profit sharing finance): A unit trust agreement between a lender (the bank) and an entrepreneur whereby the lender agrees to finance the entrepreneur's business venture on a profit-or-loss sharing (PLS) basis.

Musharaka (partnership joint ventures). A partnership for a specific business activity in which the bank and a partner/entrepreneur create joint venture projects with the aim of making profit, whereby the partner/ entrepreneur and the Islamic institution are partners in the true sense, sharing management authority and profit/losses are divided pro rata.

Murabaha (trade financing/cost-plus financing). A resale contract where the client requests the bank to buy a specific commodity or goods. The bank resells the goods at a price which covers the purchase price plus the profit margin agreed upon by both parties. It transforms conventional lending into a sale and purchase agreement, under which the bank buys the goods wanted by the client for resale to the client at a higher price agreed upon by both parties. In a *Murabaha* the Islamic financial institution must actually take title to the goods in question and transfer that title to the ultimate purchaser.

Qard Hasna (interest-free loan). A loan without interest. Literally a "good loan". While the borrower is obliged to repay the principal sum borrowed, it is left to his discretion to reward the lender by paying any sum over and above the amount of principal.

Ijara wa iktina (leasing and hire purchase). Leasing and hire purchase arrangements that do not contain references to interest rates or payments are acceptable as they provide the Islamic institution with non-interest income from an asset that is being put to productive use by the lessee. Specifically, the term of the lease must be related to the life of the asset in question, and the asset cannot be used for products prohibited in Islam (eg, alcoholic produce).

Takaful (Islamic insurance). Meaning solidarity and mutual support. Participants agree to pay instalments to a Takaful fund, managed by, the Islamic bank, which acts as the management company.

MOHAMMED ABDULKHADER
Riyadh, Saudi Arabia

Confusing signals

Normally the telephone department rings up a subscriber if he has not paid his telephone dues before the line is disconnected. But in Madras one hears a warning note along with the dial tone when one tries to make a call. Strangely, this happens at intervals during certain hours of the day for a few days after the payment has fallen due. When the perplexed subscriber complains, he is told to ignore the warning if it is not applicable to him and to proceed with the dialling, as the recorded announcement does not interfere with dialling.

J.B. WILLIAM
Madras

Worship while working

A company in Gujarat was for many years faced with a monkey menace at its factory. Matters took a religious turn once the serial *Ramayana* went on air. It wasn't long before the workers had begun to associate the pesky creatures as messengers from Hanuman and took to their worship. One day, an old monkey fell from a tree onto the factory compound and died. The workers not only gave the monkey a decent burial within the factory, but demanded that the management permit them to construct a Hanuman temple at the sacred spot. The company had little choice but to concede.

A.R. JAYAKAR
Bombay

Not just dull boys

In labour-management relations, history has recently been created at Bangalore-based Mico's Nasik plant in Maharashtra. Three employees of the company have been conferred the "Ideal workers award" by the Maharashtra Kamgar Kalyan Mandal. Good performance at work is, no doubt, an important consideration behind this award. But what counts for more is a workman's contribution to and participation in social, educational, sports and cultural activities. Of the awardees, one is a poet, writer and singer, another works in voluntary associations and the third is a social worker and environmentalist.

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Taking autonomy seriously

Autonomy for TV at last? While many titter at the possibility, citing the broken promise of the Janata Party in 1977-79, one man who takes it seriously, is Sanjay Dalmia, owner of *Sunday Mail* and also chairman of Gujarat Heavy Chemicals Ltd. His professional aides have already prepared a blueprint for a private channel targeted at viewers in North and West India.

Interestingly, the calculations show that the channel will initially lose a hefty sum of money. But that doesn't faze Dalmia's enthusiasm. With *Sunday Mail* and ITV already in the bag, a channel to peddle soap opera will fulfil his ambitions of a media baron in the mould of Rupert Murdoch. Still, the going won't be easy since there are at least half a dozen others vying for the throne.

Goodbye Yamaha?

What made Escorts chairman H.P. Nanda, publicly denounce his company's collaboration with Yamaha of Japan for manufacturing motorcycles? The ostensible reason was the Japanese collaborator's reluctance to transfer technology. Another provocation for the griping could be the fact that the RX 100cc and the 350cc mobikes have been losing money, primarily because of the soaring yen.

While these reasons might have helped Nanda make up his mind, what could have provided the final push may be the extensive negotiations — secret of course — held with managers of the West German automobile company BMW. This giant apparently assured Nanda that the declining value of the rupee will be taken care of in the agreement itself, in such a manner that costs will not soar on account of imported components. Sayanora, Yamaha?

On the way out?

With the change in government it is rumoured that, both Ratan Tata and Rahul Bajaj have tendered their resignations as chairmen of Air India and Indian Airlines respectively. The appointment of these leading businessmen as chairmen had been made at the behest of Rajiv Gandhi. Of course, Air India did have a private

The son leaves the rising Sun?

sector businessman as chairman before — J.R.D. Tata — for decades. The question being asked in corporate circles is whether the resignations will be accepted or not.

Where will the axe fall?

Yet another fall-out of the new regime is likely to be in respect of the extremely lucrative Maruti dealerships. Not long ago, Maruti advertised for an additional dealer for the city of Bombay. Considering a Maruti dealer in Bombay can easily make a minimum of Rs.5 lakh a month in clear profits, there was a scramble for the dealership. However, this plum had reportedly been "fixed" for the son of a senior bureaucrat-turned-politician. Now it looks like he won't get it.

People are also wondering whether the new Maruti 1000 will be axed by the new government? If it is, there go the aspirations of a lakh of applicants!

Return of a native

With the new council of ministers now in place, a bureaucratic reshuffle has been widely talked about in the press. But what has not been reported is that Bimal Jalan, former chief economic adviser and special secretary of ministry of finance, was in India last week on holiday from his job in Washington. Reportedly Jalan is keen on coming back to a top flight economic job. While some think he might be offered the governor's job at RBI when Malhotra's term expires shortly, Jalan himself has indicated his preference to be in Delhi.

Leasing business on lease?

The leasing business of Industrial Credit and Investment Corporation of India (ICICI) is reported to have slowed down considerably these days. According to market sources, the primary reason is the low rates in the leasing business. In addition, ICICI has enough leased assets on its books to take care of its taxes. The ICICI, therefore prefers to transact more business on hire-purchase and other avenues. Therefore, ironically with more players coming back into the market with a big player like ICICI reaching to limit, rates may actually go up a bit!

A key decision awaited

Keeping their fingers crossed now, are the senior managers of gas-based fertilisers and other companies. The issue is: will the new government allow a reduction in the price of gas to be used by those sponge iron and fertiliser plants? On this decision depends the viability as investments totalling Rs.5,000 crore.

In October this year, an application requesting a price reduction was submitted by the major producers. While the bureaucrats were favourable, no decision was taken, since both ONGC and GAIL were vehemently opposed to it. Instead of Rs.2,000 per thousand cubic metre at which rate the gas is now sold, the producers were offering Rs.1,400. Otherwise, they claimed their projects might turn out to be unviable. In fact, it is a known fact now that most of the gas based fertiliser plants are already appearing to be unviable investments. Soon, as capacities increase sharply, the sponge iron plants where gas is also key, may go the same way.

But with the new government harping on democratic decentralisation, even the state governments might be involved in deciding the price of gas. For, legally, gas being a mineral belongs to the states. A complex problem becoming more complicated.

GOVERNMENT

Rupee trade agreements

Poland may opt out of the rupee trade pact with India after the trade and payments agreement of 1986 runs out next year.

The German Democratic Republic (GDR) on the other hand, sees advantages in continuing the current rupee trade agreement with India, according to suggestions made by the commercial counsellors of the two countries at the India International Trade Fair last fortnight.

Loans announced

The union government has announced the issue of three loans bearing interest of 10.50 per cent, 11.00 per cent and 11.50 per cent, aggregating Rs.1,800 crore. According to a press release from the Reserve Bank of India, these will be repayable at par on 15 May 1999, 2004 and 2009.

Subscriptions would be received only on 5 December 1989 up to the close of banking hours in the form of cash/cheque and/or securities of Government of India 6 per cent loan 1989. In the event of oversubscription, partial allotment would be made to the subscribers.

'Heavy tariffs should go'

The present system of licensing should gradually give way to one of tariffs in the control of imports, according to the chief controller of imports and exports (CCI&E), Tejendra Khanna. Speaking at a meeting organised by the Institute of Marketing and Management, the Controller said that the heavy tariff on indigenous capital goods made them non-competitive with foreign counterparts and this discrepancy should be removed.

Surcharge to go up

The India-Pakistan-Bangladesh Conference (IPBC) has decided to hike the congestion surcharge on imported cargo at Bombay airport from 5 to 10 per cent from 27 November. The hike was deemed necessary following the prolonged congestion at Bombay port, sources said.

Ban on tree felling on the cards

A complete ban on major forest produce like bamboo and timber, whether by direct felling or on an auction basis, is on the cards by the end of the Eighth Plan, that is five years from now.

This step is being seriously contemplated by the department of environment and forests in accordance with the national forest policy. Once in effect, leases enjoyed by paper mills, among others, shall not be renewed and auctions by public sector forest corporations in various states shall be phased out.

Ministries to increase savings

In an attempt to keep the budgetary deficit under check, the newly-elected Union government has directed all Central ministries to increase their savings to such an extent as to be able to pay the additional instalments of dearness allowance during the current fiscal year from existing allocations.

If the ministries strictly adhere to this directive, the government will be able to save around Rs.1,000 crore during the year. This step is expected to, at least, keep a check on the 1989-90 deficit, which is likely to far exceed the projected level of Rs.7,337 crore.

Voluntary contribution

India has pledged a voluntary contribution of $ 1 million to the United National Industrial Development Organisation (UNIDO), for the year 1990, reports PTI.

Announcing this, the secretary, industrial development, Otima Bordia said that as a result of sustained industrial growth of around nine per cent over the past few years, India was now in a position to promote economic and technical cooperation among developing countries through UNIDO.

Intellectual property right

According to the commerce ministry, India is not averse to giving protection to intellectual property rights (IPR) but is opposed to a system that hampers the building up of indigenous technological capabilities. The chief negotiator of Uruguay round of talks, A.V. Ganesan revealed that the country would like to give adequate protection to IPR in order to encourage investment and technology acquisition, provided such protection is balanced in favour of the country's own public interest needs.

Rice quota for TN

The new government at the Centre has released an *ad hoc* allocation of 50,000 tonnes of rice to Tamil Nadu. The previous government of Rajiv Gandhi had reduced Tamil Nadu's rice quota from 80,000 to 40,000 tonnes as the Southern state did not contribute any rice to the central pool. As a result, the price of rice in the state had shot through the roof in the recent months. Observers believe this to be one of the major causes for the bad performance of the ruling DMK party in the elections.

Economic

Electronic software exports

A committee set up by the commerce ministry has recommended that the present software export turnover limit of Rs.15 crore be reduced to Rs.3 crore so that electronic software exporters can take advantage of the export-import passbook scheme. The committee has also suggested that duty drawback and cash compensatory support (CCS) rates for black and white and colour television sets should be more 'realistic'. At present, the duty drawback of Rs.1,800 and Rs.500 enjoyed for colour and B&W sets, respectively, are lower than the actual duties paid. The committee has also found that the CCS rate, which had been reduced to 12 from 15 per cent since 1 October, bears no relationship to the unrebated taxes and their cascading effects.

Sugar price control lifted

The voluntary price control on sugar was lifted on 30 November, letting the market forces decide the open market price. The government has released an additional freesale quota of 50,000 tonnes for December 1989 to ensure that the open market sugar price does not go up sharply when the voluntary price control

came to an end. This is in addition to the earlier release of free-sale quota of 500,000 tonnes of sugar.

IFCI bonds

The Industrial Finance Corporation of India (IFCI) will issue the 55th series of bonds for Rs.88 crore to augment its resources. The approved securities are to be fully guaranteed by the Central government for repayment of principal and payment of interest. These bonds will have a maturity of 20 years and will carry interest at the rate of 11.5 per cent. The issue price will be Rs.1,000 for every ten bonds applied for.

Cotton fabric exports up

Cotton textile exports are poised to exceed Rs.1,200-crore target set for the current year 1989-90. Exports touched Rs.775.27 crore during the first seven months (April to October 1989) against Rs.566 crore for the corresponding period during last year. The total cotton textile exports during 1988-89 had reached Rs.1,057 crore.

Loans announced

The government of India has announced the issue of three loans aggregating Rs.1,800 crore. The first loan to be issued at Rs.100 at par and repayable at par on 15 May 1999 carries an interest of 10.5 per cent. The second loan of similar terms, repayable on 15 May 2004, has an interest of 11 per cent. The third, with 11.54 per cent interest rate, will be repayable on 15 May 2009.

Trade to improve

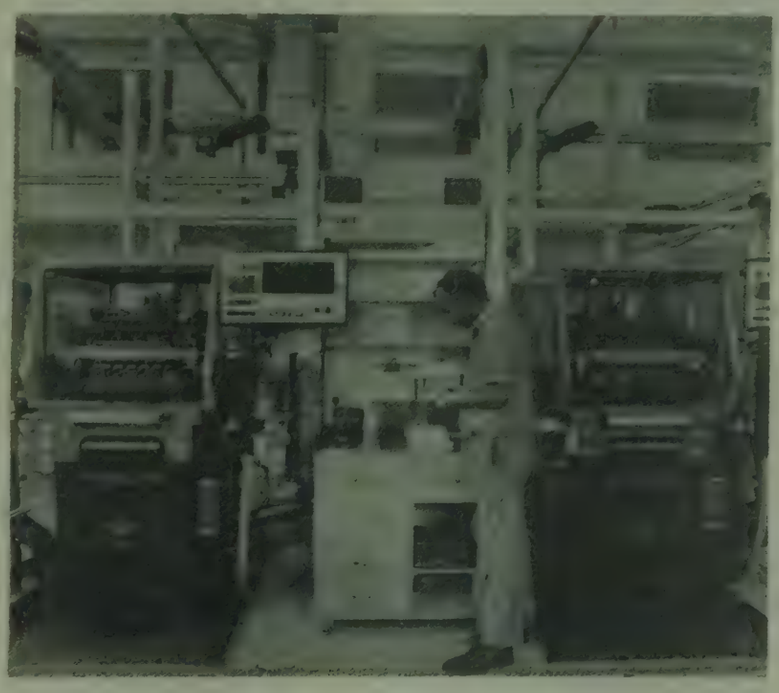
India's trade with the USSR is planned to increase to Rs.8,800 crore in 1990 under a trade protocol finalised last fortnight.

Under this agreement, India's exports to the USSR are projected to increase to Rs.5,300 crore while imports from the USSR will go up to Rs.3,500 crore.

CORPORATE

SKF investments

Swedish giant SKF is planning new investments worth Rs.200 crore in India. To be spread out over 3 years, they will take care of the expansion at the company's bearing units at Bangalore and Pune. At the Bangalore plant, a highly advanced concept known as "line technology" is being introduced. Here, machines are connected to one another and their operation is electronically controlled with little human intervention. SKF, whose major clients are to be found in the transport sector and the electrical engineering industry, controls one third of the Indian bearing market. Annual output at the Bangalore plant alone is estimated to be in the region of 9 million bearings.



RIL loan slashed

The loan which Reliance Industries Ltd. had asked from financial institutions for replacing damaged machinery at its Patalganga plant has been slashed by more than half. The plant manufactures polyester staple fibre (PSF), polyester filament yarn (PFY), linear alkyl benzene (LAB), paraxylene and other products. It had not been insured against floods and in July this year, was seriously affected by the floods which hit Raigad district in Maharashtra.

Reliance had submitted a proposal, in August, asking for a loan of Rs. 250 crore. However, the financial institutions have decided to limit the loan to Rs. 125 crore. This loan will attract the normal interest rate of 14 per cent and not a concessional rate.

Mini blast furnaces

Simplex Engineering & Foundry Works Ltd has signed a collaboration with China Metallurgical Import & Export Corporation for the manufacture of mini blast furnaces. Simplex, based at Bhilai in Madhya Pradesh, will construct these furnaces on a turnkey basis, in capacities of 100 and 300 cubic metres with an output of 40,000 and 120,000 tonnes per annum, respectively. According to the company, the blast furnace technology, which is fast replacing the traditional gas and coal based sponge electric arc furnaces all over the world, will help save about Rs. 1,000 per tonne of steel.

Big loss at MSFC

The Maharashtra State Finance Corporation (MSFC) holds the dubious distinction of being the only loss-making financial corporation among the 18 others in the country. During the year ended 31 March 1989, it incurred a loss of Rs. 1.37 crore. This liability will now have to be met by the government of Maharashtra. 'Overdues to the corporation stand at an alarming Rs. 175 crore. Ten years ago, MSFC was the largest state finance corporation in the country. Now it ranks seventh in total disbursements and 12th in per capita disbursements.

Bubna-Dekor tie-up

A Bombay-based business establishment, Bubna Bros, has tied up with the West German PWA Dekor group for the manufacture of speciality "Dekor" papers. Their applications include surface finishing of woodwork for the furniture, construction, decorative and industrial laminate industries. Bubna Bros, a 70-year-old company, has 20 years experience in the marketing of printing and packaging papers. At present, 80 per cent of the requirement of Dekor papers is met through imports. The two Dekor plants, located in West Germany and Spain, will produce 90,000 tonnes of this speciality paper in 1990, or about 25 per cent of the world's market share.

Anti-hypertension drug

Boehringer-Knoll is introducing Isoptin 240 SR, a new calcium-based drug for the treatment of hypertension. Patients will be able to take advantage of a once-a-day dose. The 14th largest selling pharmaceutical product in the world, the new drug has been well accepted in the US, Britain, Canada, West Germany, France and other countries. Boehringer-Knoll is reputed for its products for diabetes and cardiovascular disorders.

IAEC suitors increase

The list of potential raiders for the sick engineering firm IAEC, continues to increase. The company, which has units in Bombay

and Madras and a wholly-owned subsidiary, Industrial Air-technics, has filed a winding up petition before the Bombay High Court.

Madhav Soman, a takeover specialist and overall in-charge of Vijay Mallya's engineering units, is known to have negotiated with IAEC director Vijaya Char. Coimbatore-based South India Viscose has also started talks with the sick company's management. It is also reliably learned that the Mittals are interested in acquiring the company and they have the backing of IAEC's bankers.

Peico recovery by 1990

Peico Electronics and Electricals Ltd. hopes to be back on the dividend list by 1990-91 after skipping dividend last year. A major financial restructuring is underway at the company.

A programme to phase out existing stocks of finished products and components and to discontinue certain non-profitable product lines such as domestic appliances and batteries, has been undertaken. Peico also plans to increase its present market share in the colour TV market and to enter the lucrative VCR market. The company hopes to achieve a turnover of Rs.400 crore for the current year.

Indchem landmark

The Madras-based Indchem Electronics Limited recently manufactured its 200th C-DOT EPABX machine, thus becoming the first company among the C-DOT licencees to achieve this landmark. The company's major clients include Indian Railways, major nationalised banks, Videsh Sanchar Nigam Ltd. and Shaw Wallace. Indchem recently received a major order from the National Airport Authority for 18 systems. A new project involving an investment of Rs.4 crore is being implemented for the manufacture of a 18GHz digital microwave radio along with drop/insert multiplexers. Production is expected to start in mid-1990.

INDUSTRY

Projects dropped

The petroleum ministry has decided to drop its plans to set up two refineries of six million tonnes capacity each in the Eighth Plan. This follows objections raised by the Public Investments Board which was not convinced about the need for setting up the new refineries based on imported crude. It felt that debottlenecking of the existing refineries would be cheaper and quicker. Any more deficit in demand for crude could be met through import of petroleum products. It was thus decided that only one new refinery out of the three originally mooted, would be set up during the Eighth Plan.

Index goes up

According to estimates of index of industrial production (base 1980-81 = 100) issued by the Central Statistical Organisation, the general index for the month of August 1989 stands at 180.0 which is higher by 6.2 per cent, compared to the corresponding month last year. Taking into account the IIP figures, after suitable adjustment on account of shifting of the base of wholesale price index for April-June 1988 and April-June 1989 and the quick estimates for the months of July 1989 and August 1989, the average index for the first five months of the financial year 1989-90 stands at 178.8 which is higher by 3.8 per cent, compared to the index of 172.3 for the corresponding period of the previous year.

Support to the government

Viren Shah, president of the Associated Chambers of Commerce and Industry (ASSOCHAM), has assured full support of the Indian business community to the new government in resolving major economic issues confronting the country. Shah said that he has no doubt that the new government, apart from speeding up the process of liberalisation essential for faster economic growth, would initiate effective measures to contain prices, step up productivity and quality, improve balance of payment situation, promote investment of both domestic and foreign capital, minimise bureaucratic delays by simplifying procedures and, above all, encourage individual initiative and effort.

Higher exports likely

The country's six Free Trade and Export Processing Zones have attracted an investment of Rs 195 crore, till 1988-89. This comprised Rs 38 crore of government investment while the private investment was placed at Rs 107 crore. All the zones are expected to record higher exports in the current financial year, if the performance in the first five months (April-August) is any indication.

The break-up of the government investment in these zones is: Kandla: Rs.11 crore, Santacruz: Rs.15 crore, Madras: Rs. 16.3 crore, Falta: Rs. 16 crore, Cochin: Rs.13 crore and NOIDA: Rs.16.6 crore. The private investment break-up is — Kandla: Rs.47 crore, Santacruz: Rs.38.6 crore, Madras: Rs.8.8 crore, Falta: Rs.1.8 crore and NOIDA: Rs.9 crore.

Foreign investment increases

Foreign investment approvals in the first nine months (January-September) of 1989 totalled Rs.257 crore, exceeding the figure of Rs.239.7 crore in the whole of 1988. There has, however, been a reduction in the number of foreign collaboration approvals in 1989 with only 515 proposals, as compared with 1988's total of 926 clearances. One hundred and sixty proposals have been approved this year so far.

No industrial deceleration

The union government does not see any evidence of industrial deceleration, according to a statement issued last fortnight by revenue secretary Nitish Sengupta. The government has come to this conclusion because the Central revenue collections continues to be buoyant. The tax collection figure, during April-October 1989, is estimated at Rs.24,803.54 crore showing a 15.63 per cent jump over Rs. 21,451.27 crore in the same period last year.

Amendments disfavoured

The draft amendments to the Insecticides Rule, 1971, recently circulated by the Federation of Indian Chambers of Commerce and Industry (FICCI) have been disfavoured on grounds that, if implemented, they would discourage investments in insecticides and have serious repercussions for Indian agriculture.

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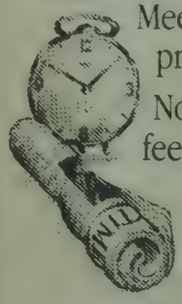

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LABOUR

New payscale for HPC

Employees of the Hindustan Paper Corporation (HPC) will gain between Rs.200 and Rs.510 following an agreement signed between the HPC management and the unions in Calcutta recently. The minimum basic pay now is Rs.1,035 and the maximum Rs.2,555 with increments ranging from Rs.20 to Rs.70.

The agreement covering 4,319 employees of the corporations, will be in force till the end of December 1991.

Wage hike in MUL

Minimum wages for workers of Maruti Udyog Ltd (MUL) have been revised to Rs.1,566 per month following a five-year agreement signed with the employees union last fortnight.

As per the wage agreement, which comes into retrospective effect from 1 September 1987, employees will also get house rent and city compensatory allowances on the revised pay scales from 1 May this year.

Bi-partite agreement

Over 25,000 employees of the Indian Iron and Steel Company (IISCO) Assansol will benefit from a bi-partite agreement between the management and five trade unions.

Under the agreement, the minimum wage of every IISCO employee at the Burnpur and Kutti units will now be Rs.1,550.

Accident in Bhilai Steel

Nine workers of the Bhilai Steel Plant (BSP) were killed, eight of them on the spot, when the roof of an open hearth furnace at its steel melting shop collapsed.

Two workers, who were admitted to a hospital in serious condition, were later reported to be out of danger.

DIARY

DATE	SUBJECT	ORGANISER	VENUE
11-15 December	**Computer aided manufacturing**	OMC Computers Ltd 4th Floor, Surya Towers, 104, Sardar Patel Road, Secunderabad 500003 Tel: 848338/848470	OMC Computers Ltd, Hyderabad
11-16 December	**Personal computers and their applications**	Management Development Institute Post Box No. 60, Mehrauli Road, Gurgaon 122001 Tel: 22117/21173	MDI Campus, Gurgaon
11-16 December	**Nineteenth management development programme for junior executives**	Bombay Management Association 9, Poddar House, Netaji Subhas Marg, Bombay 400020 Tel: 2047650/2049698	Hotel Oberoi Towers, Bombay
15-18 December	**41st Indian pharmaceutical congress**	41st Indian Pharmaceutical Congress C/o Patel Extrusion Group, Patel Varuka, Western Express Highway, Goregaon East, Bombay 400063 Tel: 6801037/6800793	IIT Campus, Bombay
18-20 December	**Programme in applied behavioural science**	Tata Management Training Centre Pune 411001 Tel: 665381/665472	Tata Management Training Centre, Pune
19-20 December	**Crisis management**	Indian Institute of Security Management 5, Aparna, 15, College Lane, Madras 600006 Tel: 527765/425217	Hotel Savera, Madras
19-23 December	**Industrial experimentation for process and product improvement**	SQC and OR Unit Indian Statistical Institute, Street No. 8, Habshiguda, Hyderabad 500007 Tel: 851884	Indian Statistical Institute, Hyderabad
23-24 December	**Self management of executive tension**	Vivekananda Kendra Yoga Research Foundation, 772, Shriram Bhuvan, Opp. Dadar Bus Depot, Parsi Colony, Dadar, Bombay 400014 Tel: 4121629	Centaur Hotel, Bombay
25-26 December	**4th SAFA conference**	The South Asian Federation of Accountants Secretariat The Institute of Cost and Works Accountants of India, ICWAI Bhawan No. 3, Institutional Area, New Delhi 110003 Tel: 693048/615788	Hotel Hyatt Regency, New Delhi

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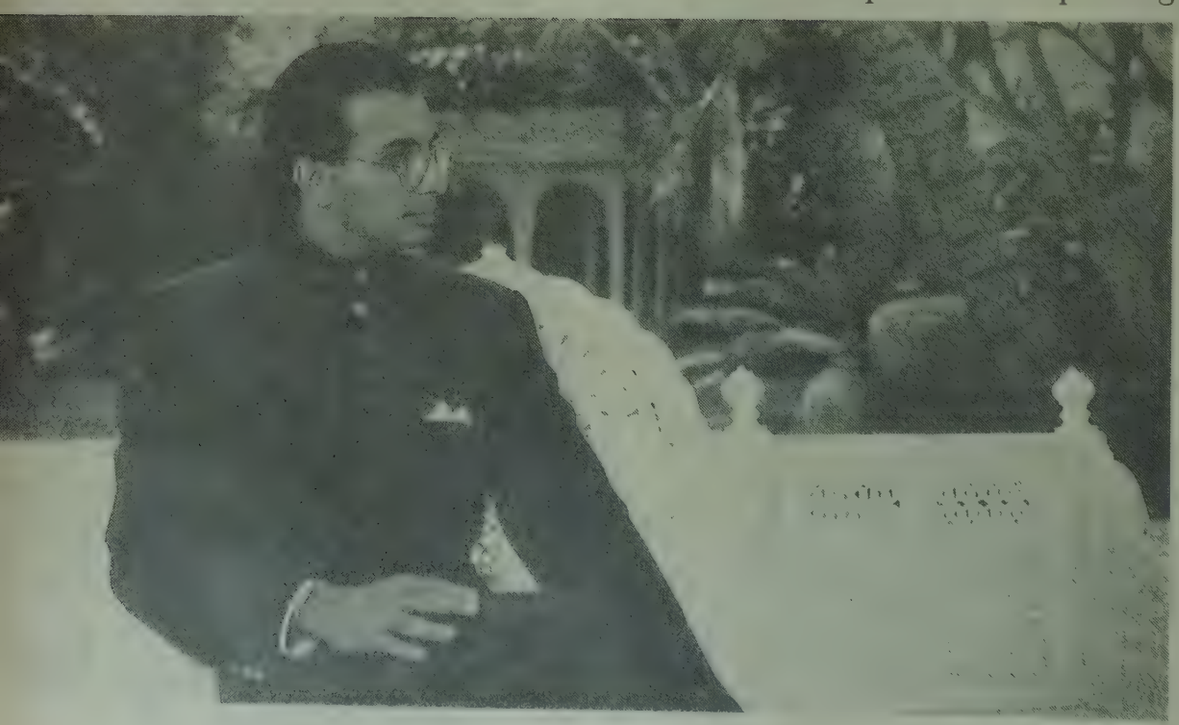

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SATISH K. MODI

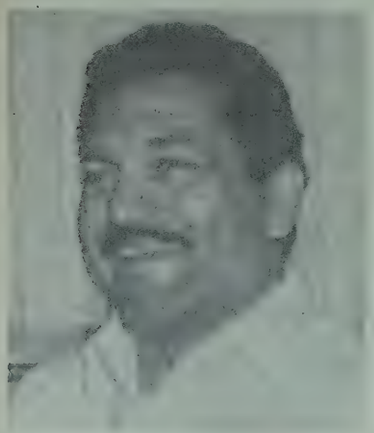
Modi Overseas Investments (MOI) has entered into an agreement to advise the Jardine Fleming India Pacific Trust (JFIPT) on their Indian portfolio. JFIPT, an open-ended fund,

is the first of its kind being made available to non-resident Indians (NRIs) exclusively. "The NRIs can spread their investments throughout the booming stockmarkets of the Asia-Pacific region where the economy is developing fastest," says Satish K.Modi, chairman, MOI.

According to Modi, the advice will be more or less given on primary market investments as against secondary market as there is better potential for higher returns in the new issue market.

DHRUV CHAUDHURY

Bangalore's Index Computing, a wholly-owned subsidiary of the ANZ Banking group, is a 100 per

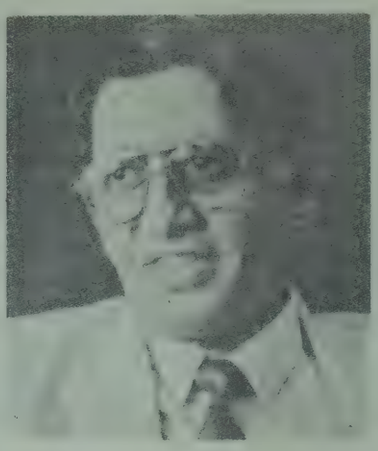


cent EOU for software set up 6 months ago. Says Dhruv Chaudhury, managing director, "Bangalore was selected for locating this project because we felt that the quality of human resources here is superior and they have a scientific temperament."

The Rs.1.80 crore company will initially be engaged in exporting software to the ANZ group itself. A pilot export order worth Rs.20 lakh has already been executed to Australia. Adds Chaudhury, "Apart from ANZ, we have received offers from overseas software houses and from National Cash Register (NCR)." Though presently Index is exporting via Bombay, by the third quarter of 1990, it will be electronically connected to Australia via a private network. Chaudhury hopes to achieve a turnover of Rs.2 crore in the first and about Rs.5 crore in the second year of operations.

R. SRINIVASAN

Bank of India recently became a signatory to Creditcapital Venture Fund (CVF). With a shareholding worth Rs.2.1 crore, it has become the largest single shareholder of the CVF. R. Srinivasan, chairman and managing director of the bank is of the opinion



that venture capital is the need of the hour in our country since this form of financing carries a high risk burden and few financiers are ready to come forward to aid new entrepreneurs. Many projects are thus unable to get off the ground, he claims.

Although for a start the fund will concentrate on exports and development of ancilliaries, Srinivasan is of the view that later on all kinds of projects will be given equal consideration.

M.G.V. RAO

When it was incorporated in Rajahmundry in 1964, the Andhra Pradesh Paper Mills (APPM) had a processing capacity of 3,600 tonnes per annum. Today, the capacity has reached 92,000 tpa and the turnover, Rs.130 crore. APPM manufactures a wide variety of paper — from

high quality lily white paper to special grade cardboard for computers and paper for books and magazines. At every stage of manufacture, pollution is sought to be kept under control.

"Our social responsibility does not end with pollution control," says M.G.V. Rao, managing director. "We have had an impact on peoples' lives in many other ways. For instance, we have harnessed tribal potential through forest operations." According to Rao, with traditional sources of raw materials dwindling, the company is now on the lookout for alternative sources: cellulosic fibres from trees, reeds, grass and pulp.

N.B. NIRMAL

In the last four years, the deposits of the Indian Overseas Bank's Tejnampet branch in Madras showed a phenomenal increase. This branch was in the

category of small branches in 1984 but now, in less than 36 months, is now considered to be large. Senior manager N.B. Nirmal attributes the increase in deposits to, "better customer relations and innovative ideas of service."

Nirmal recently received the Indira Gandhi Memorial National Award for excellence in public sector undertakings falling in the banking and public finance category.

NAVIN GANDHI

"It is the creamiest of ice-creams," claims Navin Gandhi, chairman of the only public limited ice-cream company, Dharmendra Icecream. This Gujarat-based company which had projected sales worth Rs.4 crore for its first year of operations (ending June 1990), achieved the target within the very first 4 months. "Now we hope to end the year with sales of Rs.20 crore," says Gandhi.

Launching his ice-creams in Bombay recently, Gandhi said that the large number of flavours

(101 to be precise), good packaging (in plastic cups) and appealing advertising campaign have contributed to the success of his ice-creams. Dharmendra Icecream has already declared a 15 per cent interim dividend and its share price is quoted at nearly 9 times the par value.

SANJAY JAIN

More and more products are using easy-open ends to cater to changing eating habits and greater convenience, according to Sanjay Jain, managing director, Asian Closures Ltd. Asian Closures will be tapping the capital market to finance its project to manufacture 78 million easy-open ends per annum at a cost of Rs.3.5 crore. The issue size of Rs.1.19 crore will open on 18 December 1989.

"Easy-open ends that are being imported are used in canned foods, beverages and automobile accessories," says Jain. "The current imports are in the region of around 200 million easy-open ends per annum."

Asian Closures has technical collaboration with the Institute for Product Development (IPU) in Denmark while the plant will be imported from Germany. The product, being a 100 per cent import substitute item, will be eligible for deemed export benefit.

PETER G. SULZER

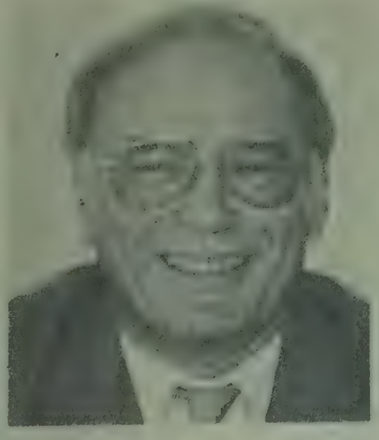
The head of Switzerland's Sulzer International group, Peter G. Sulzer, recently stopped over in Bombay en route to Pune to inaugurate the Sulzer India (SI) manufacturing plant. Sulzer India is a joint venture between

RPG Enterprises and Sulzer Brothers each of whom holds 40 per cent of the Rs.3.45 crore equity.

Sulzer India has already commenced manufacturing of hi-tech industrial machinery. The company will produce Rs.4 crore worth of machines and together with its trading activities is aiming to clock a turnover of Rs.50 crore in the current year.

GUNTHER EINHERT

The West has always viewed India as a lucrative market. But, with the European Common Market slated to start functioning in 1992, there is a renewed interest in European business circles in investment opportunities in India. Besides, as Gunther Einhert, minister of federal affairs, said, "The economic liberalisation introduced in the country during the past few years has made India a very attractive area for capital investment." Einhert was recently in India with a team of members of the permanent advisory council of the Bundesrat (Parliament) of the Federal Republic of Germany.



Einhert and his team had several meetings with Indian government officials and industrialists. "There is no doubt that India has immense potential to grow economically. But, to attract foreign investments, the bureaucracy has to be revamped.

KLAUS-JURGEN SCHOLZ

Messe Frankfurt Gmbh has been holding international commodity fairs for as long as 750 years. The company has one of the 5 biggest fairgrounds in the Federal Republic of Germany, according to the Singapore-based, regional director Klaus-Jurgen Scholz. The fairground offers 260,000 square metres of exhibition space as well as some 70,000 of uncovered space.

"We concentrate on consumer products," says Scholz, enumerating the 80 product segments which are displayed at the fairs. The biggest events are textile and automobile fairs — which are meant exclusively for the trade. Today Messe Frankfurt also holds fairs in other parts of the world including Tokyo and Hongkong

KURT SIEBER

"We hope to increase our exports from India to at least $ 10 million but it could go as high as $ 20 to $ 30 million," says Kurt Seiber, representative and executive director of Nihon Seiber Hegner, a Japanese trading company which has just established an office in Bombay.

Nihon Seiber, which distributes pharmaceuticals, organic chemicals and intermediates, perfumery and cosmetic raw materials and textile products expects to act as a marketing outlet for new industrial ventures in India. The company has already started exporting pharmaceuticals for Lyka Labs (P) Ltd and oleoresins for Bombay Oil Industries (P) Ltd.

RALPH OPPENHEIMER

The UK-based Stemcor group has distribution interests worldwide, ranging from steel through industrial products to electronics. Although its operations in India over the last 30 years have been restricted mainly to steel products and marble, Ralph Oppenheimer, Stemcor's chairman, is confident of diversifying into sophisticated products made out of steel and the consumer electronics industry to enhance Indian exports.

Oppenheimer, who was in India last fortnight, says, "Our imports far exceed our exports from India and Stemcor wishes to help India develop its exports." Stemcor has recently obtained permission to open two more liaison offices in India.

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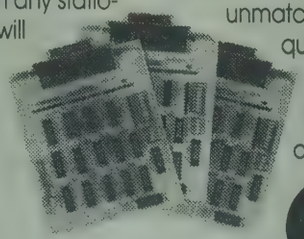

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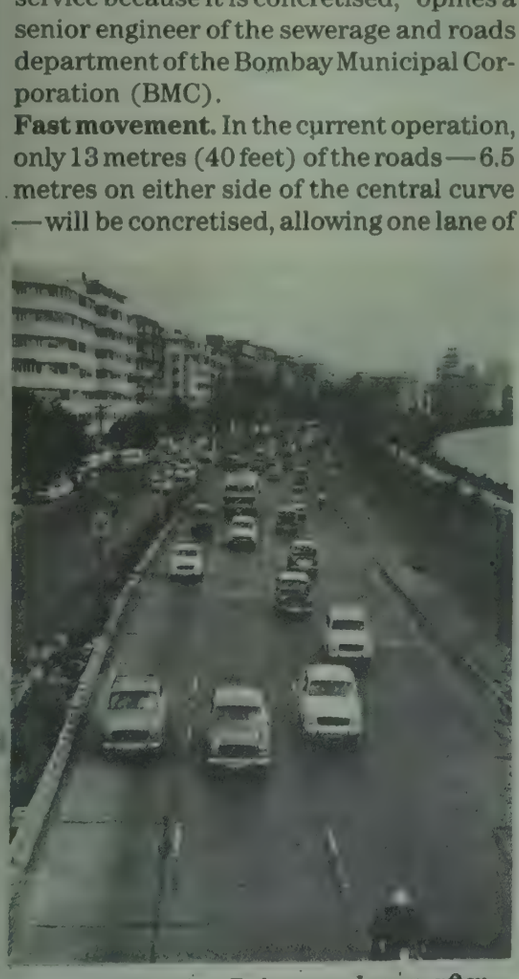
ROAD TRANSPORT

Concrete step in Bombay

For once, the much-needed plastic surgery being performed on sections of Bombay's arterial roadways promises to be more than skin deep. The Rs.43.59-crore project to improve 27 road works, 10 in the city and 9 and 8 each in the western and eastern suburbs, respectively, begun last month, involves the complicated but more lasting technique of concretisation of the surface.

Though both time-consuming and more expensive at the initial stage — the current project is expected to reach completion only on 15 June 1990 — the process of laying cement concrete sections at several junctions in the metropolis has been recommended by the Central Road Research Institute, largely because this technique results in a product that is maintenance free. "Marine Drive, extending from the Air India buiding to Malabar Hill constructed 50 years ago and our oldest concrete road continues to give excellent service because it is concretised," opines a senior engineer of the sewerage and roads department of the Bombay Municipal Corporation (BMC).

Fast movement. In the current operation, only 13 metres (40 feet) of the roads — 6.5 metres on either side of the central curve — will be concretised, allowing one lane of fast flowing and heavy load traffic to move.



Bombay's Marine Drive: good even after 50 years

The sharp rise in passengers on the road transport sector nationwide (increase of passengers and freight up to 80 and 56 per cent, from 11 and 26 per cent, respectively, in 1951) despite the substandard quality of our roads indicates the great potential in concretisation. This can be expected since the technique also guarantees faster movement and higher durability under heavy use. The number of vehicles too has increased phenomenally from a mere 300,000 in 1951 to 11 million in 1987.

These general advantages apart, the current re-haul on Bombay's roads will take eight months before completion. Firstly, the concretisation technique itself needs to be staggered and planned in a chess board-like fashion with 21-day gaps to allow for the shrinking of cement after it is set. And secondly, since the result is near-permanent, public utilities like gas mains, water pipelines and power cables situated below have to be carefully shifted either to the asphalt-topped section of the road or below the footpaths.

"This delay is bound to occur during the first transition to cement concrete roads (CCRs) and is, in fact, minimal, considering the severe constraints of traffic flow and placement of other utilities," insists a senior official of the BMC.

Tremendous gains. For the cement industry, that had actively lobbied for this technique once cement was partially decontrolled in 1982, a universal application of this process could mean tremendous gains. Though some stretches of CCRs are already in existence, constructed as far much as four decades ago, the technique was abandoned due to the acute shortage of cement and the stringent government controls on the industry, coupled with the fact that the initial cost incurred in the construction of CCRs is much higher than that of bituminous roads.

Besides the obvious advantages of concretisation, an appreciation of the "life cycle cost", ie, the initial cost plus the cost of maintaining the facility over its design and life, makes the initially higher investment in concretisation more attractive.

Apart from a fillip for the cement industry, this trend — if it continues — could actually mean a pothole-free monsoon for Bombay's roads, ensuring a freer flow of traffic. It is the extent of the re-haul, eventually, that will determine whether Bombay's road commuters will thank the BMC for this concrete step.

■ TEESTA SETALVAD

INTERNATIONAL CONGRESS

Fragrances and flavours

The keenest noses in the world were in New Delhi last month. The occasion: the eleventh International Congress of essential oils, fragrances and flavours. Over 1,200 delegates — more than 700 of them from eleven countries including France, Italy, Japan, the UK and the US — attended the five-day congress, held in India for the first time.

Jointly sponsored by the Council of Scientific and Industrial Research (CSIR) and the Perfumes and Flavours Association of India (PAFAI), the Essential Oil Association of India (EOAI) and the Basic Chemicals, Pharmaceuticals & Cosmetics Export Promotion Council (CHEMEXCIL), the congress was inaugurated by A.P. Mitra, director-general of CSIR and secretary to the department of scientific and industrial research. This, points out Congress chairman Mukund R. Shah, is the first time the Indian government has joined hands with the export promotion council and trade and industry to come together on a common platform — a measure of the importance of the triennial event.

Honour for India. The congress was also supported by the Geneva-based International Fragrance Association and International Organisation of the Flavour Industry, and the London-based International Federation of Essential Oils & Aroma Traders, which have a global committee to decide on the venue and agenda. The total outlay on organising it has been estimated at Rs.75 lakh.

The main aim of the congress was to provide a forum for scientists and technologists to get together with businessmen, and discuss the latest technological developments as well as commercial opportunities in this highly specialised field. It also took cognisance of the fact that the world recognises India as the biggest untapped source, and professed the ambition of putting the country on the world map within the next five years.

In recognition of the honour given to India by selecting it as host country for the first time, the government also nominated 1989 as the "year of essential oils, fragrances and flavours"; the subject of the congress was also adopted as the theme for this year's India International Trade Fair (IITF'89).

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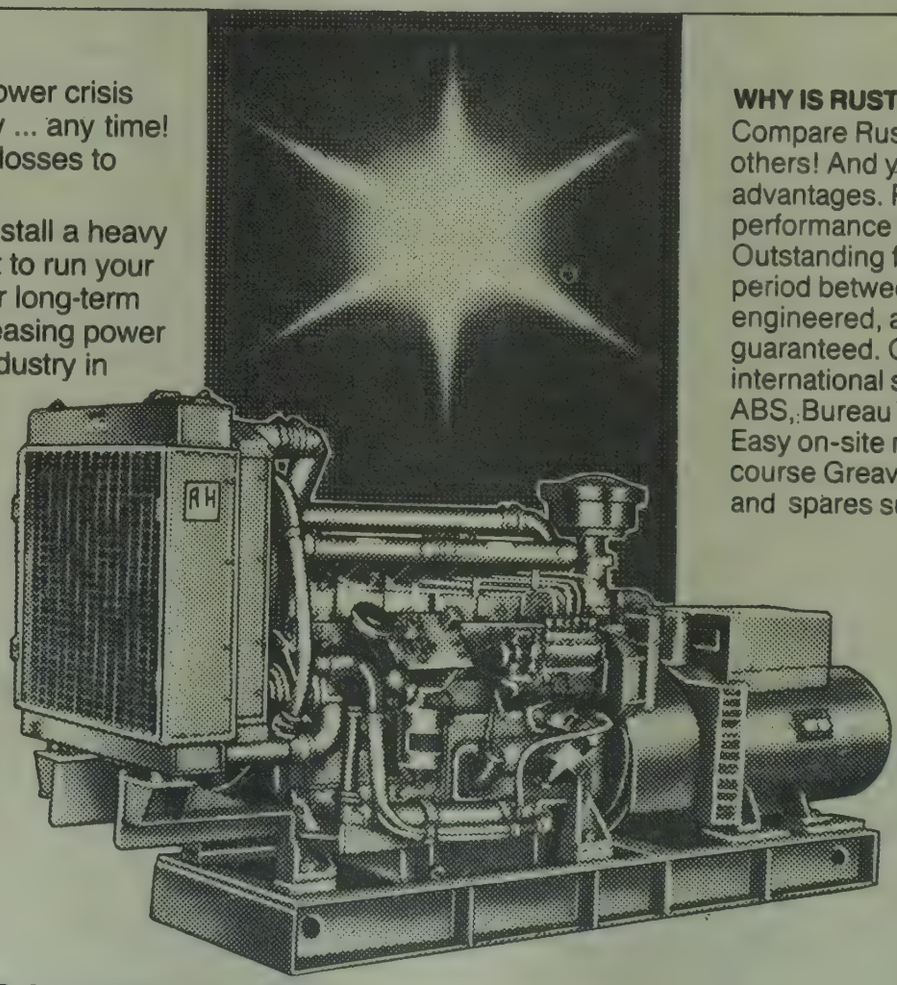

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The worldwide turnover of fragrances, flavours and essential oils is currently around Rs.12,000 crore. India accounts for only two per cent of this market, with an annual production of around Rs.250 crore.

According to Mitra, the main reason for this is that only a few industrial houses in the country are really equipped to use or create new knowledge and technology. Indian units need to be managed more professionally to develop the ability to adopt and take advantage of developments around the world. India and other developing countries also need to improve their present distillation methods, by developing appropriate energy-saving devices as well as village level technologies, to increase recovery and improve quality. They must also set up modern processing industries to export value-added flavour and perfumery chemicals, rather than natural raw materials and unrefined essential oils.

Not only in perfumes. Shah explains that, contrary to popular opinion, fragrances and flavours are not restricted to the perfume industry. Only two per cent of the production is used for scents and perfumes, while the rest goes into other end-use industries like *agarbattis*, soaps, tobacco, cosmetics and processed foods, including soft drinks, ice cream, biscuits and liquor.

Traditional Indian perfumery used to hold a dominant position in the world industry — but exports fell from Rs.41 crore in 1986-87 to Rs.30.61 crore the following year. Though the figure rose to Rs.37.16 crore in 1988-89, the Indian industry is increasingly threatened by more countries entering the field with sophisticated synthetic fragrances and rigidly enforced quality control standards. And this is obviously the route the Indian aromatic industry needs to take too, despite Mitra's warning to the congress that synthetic products "are often carcinogenic and show toxicity on long term use as flavours, fragrances and cosmetics". India is already using synthetic flavours and fragrances fairly extensively, but the raw materials for these products are very expensive.

John Dean, chairman of Bush Boake and Allen Ltd explains that after the World War II, many natural fragrances like citronella and lemon grass fell into disrepute because of adulteration. But today with renewed interest in most developed countries in "natural products", the potential market is large.

"The key element is, of course, quality control," says Dean. Bush, Boake and Allen, which is one of the largest firms in the business in India, intends to put its international expertise to good use in India.

Most Indian manufacturers continue to rely on traditional sources like flowers, *khus* and sandalwood. Karnataka alone produces about 60 tonnes of sandalwood oil, as well as fragrant wooden articles and sandalwood-based perfumes, every year.

Unique strucuture. Indian aroma industry has a unique structure — there are only about half a dozen public limited companies in the field, while 99 per cent of the factories, from the largest down to the micro-level cottage effort, are family owned. But the fact that there are hundreds of small-scale factories with a high capacity to develop both infrastructure and production, coupled with the country's scientific capability and the present export trend, India's share in the world market is bound to increase manifold in the near future, asserts Shah.

The congress has appreciated the Indian government's "encouraging" approach, and recommended the continuation of the policy reserving flavours and fragrances for the small-scale sector. It has also called for the treatment of the essential oil industry on par with the plantation industry to ensure automatic exemption under the Land Ceiling Act, and the setting up of an essential oil board.

Delegates felt that foreign collaboration should be allowed only in the manufacture of aromatic chemicals which are not produced indigenously. They also thought the customs duty on the import of flavours and fragrances should be kept high, and that on aromatic chemicals and essential oils, which are not made in India, maintained at a low level.

■ SEKHAR SESHAN

A delegate addressing the congress: putting India on the map

INDO GERMAN TECHNOLOGY MEET

Reaffirming the bonds

The technology Congress "Made in Germany" organised from 4 to 8 December at Bombay and Bangalore simultaneously was intended as a first in a series of technology updates between Indian and German companies after TECHNOGERMA, held last year.

At the inaugural function at Bombay M.R. Srinivasan, chairman, Atomic Energy Commission, commended the rapid progress of Indo-German co-operation in technology. He felt that induction of proper technology was the only answer to the solutions of complex problems faced by a developing country like India, which was also facing a population explosion. On the other hand, the large population of India has generated a lucrative market for the western countries. And Germany has shown its keenness to tap this market on a basis of mutual benefit.

Driving force. The presence of FRG Ambassador Konrad Seitz at the inaugural

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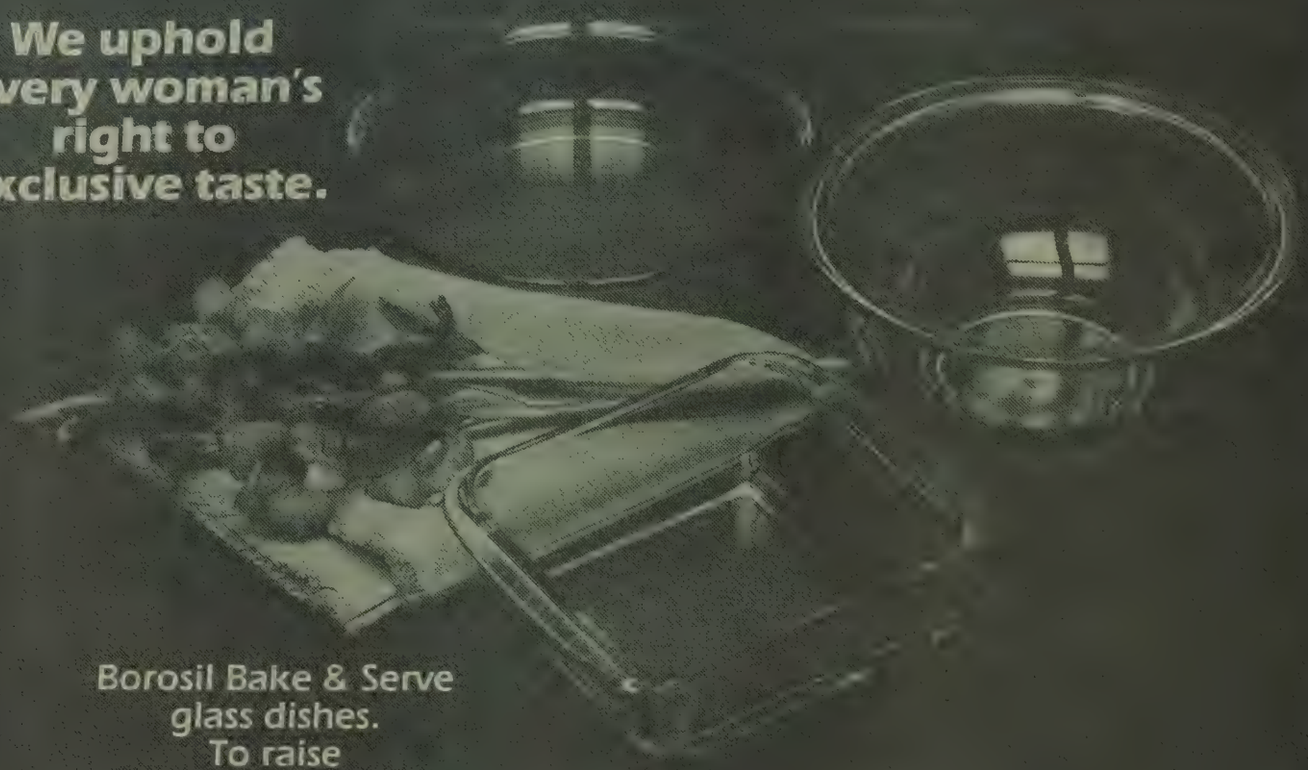

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Srinivasan: technology the only answer

session underscored the importance the Germans were giving to the Technology Congress. According to Seitz, "There has been a 300 per cent increase in German investment in India during 1988. This has been followed up by another 400 per cent increase in 1989. During 1990, we hope to become the No.1 investor country in India."

Seitz has reason to be proud of this achievement as he is known to be a driving force in getting big German companies to increase their investments in India and transfer state-of-the-art technology to India over the last two years.

J.P. Chowdhary, president, CEI, revealed that Germany would be participating as a partner country in the first engineering trade fair in November 1992 which reaffirms the growing bond of co-operation between the two countries.

Seitz saw no impediment in the growth of Indo-German trade due to the change of government in India. He was of the opinion that changes in Eastern Europe and China would not significantly affect the priorities of FRG.

"Though China is important as a potential market, India has a large technical manpower-base which is available very cheap, as compared to skilled manpower in Europe. This is a single largest advantage of India which we would like to benefit from," said Seitz.

When asked to comment on the BoP crisis India was currently facing, the ambassador said that German companies in India were concentrating on export lately. Software export to FRG, recently started from India, was an instance in point. Companies like Daimler Benz, Siemens, etc are looking at possibilities to make India a base for exports to South Asian countries," added Seitz.

The big name German companies like Mannesmann, Siemens, Thyssen, AEG, and Daimler Benz were amongst the 31 companies represented at the Tech Congress. During the 50 odd discussion meets, areas covered included machine tools and CNC manufacturing systems, rural telecommunications, mass transportation systems, process control and instrumentation, among others.

Good response. A special focus was on environmental engineering, waste handling and treatment and advances in metallurgy and ceramics. The response from the Indian companies for participation in the tech meet was tremendous, according to H. Frese, president of the Indo-German Chamber of Commerce, the organisers of the entire show. "This meet would further catalyse co-operation and you will see more of such technical symposia in the near future," said Frese.

That the Germans had carefully selected topics of specific interest to India, was evident from the emphasis on areas like energy conservation, waste handling and treatment, metallurgy, glass and ceramics. These are areas where India is looking to the developed countries for the latest technology and where there is a crying need for upgradation.

Both Srinivasan of AEC and Chowdhary of CEI made specific references to the topics selected for discussion and felt that these were the most appropriate and key areas for Indian industry today.

The Germans seem to have done their homework well. Though new collaborations, tie-ups and projects are bound to result from this meet, it remains to be seen whether the new government at the Centre will clear these speedily, considering the grim foreign exchange reserves situation.

According to the organisers, the Indo-German Chamber of Commerce, as many as 2000 Indian companies have participated in the technology congress on the first two days, to go much higher at the end of the five-day meet, at Bombay alone. Mukand Industries, Telco, Tisco, Bajaj Auto, Zenith Industries, Voltas and Bajaj Tempo participated from the private sector while Bharat Electronics, Atomic Energy Commission, and the Indian Railways were amongst the public sector organisations who sent their representatives to the meet.

■ ROOP KARNANI

IITF '89

Lukewarm response

The lay public thronged the ninth India International Trade Fair (IITF '89) in New Delhi all the eight days it was open to them last fortnight. But it was apparently sparsely attended during the six days reserved for business visitors, though the Business Information Centre at Pragati Maidan logged the entry of more than 30,000 businessmen. It says business worth "several" crores was transacted from 15 to 18, 20 and 21 November 1989, but no hard figures are available.

But IITF '89 — which had the twin themes of environment, and essential oils, flavours and fragrances — was unique in many ways. This was the last to be held for an entire fortnight: the tenth IITF will be only ten days long, from 14 to 23 November 1990. And according to Amar Nath Varma, chairman of the Trade Fair Authority of India (TFAI), the format is being changed to hold several specialised trade fairs together as a compromise between the two groups of organisers of specialised and general fairs.

Looking ahead. IITF '90 will have the combined themes of gems and jewellery and allied machinery, transport vehicles and accessories, toys and machinery to make them, office equipment, garments and garment machinery, watches and clocks, and home equipment. From 1992, IITF will also be held only every alternate year, while the intervening year will have an engineering trade fair.

Inaugurated by the president, R. Venkataraman, on 14 November, the fair was open to the public only that evening, again on 19 November — Indira Gandhi's birth anniversary — and from 22 November evening till 29 November. And the public was more interested in what TFAI describes as the "cultural bonanza" of folk dances, music, fashion shows, ballets, feature films and the like, than in the exhibits themselves.

The theme pavilion on environment — "preservation of environment and heritage" — covered an area of over 6,000 square metres. Many state pavilions — like Bihar, Nagaland, Orissa, Tripura and West Bengal — also highlighted the theme with decors matching their countrysides; Punjab had a model of its tiger safari park at the entrance. Two seminars, with the U.S. and Italy, were also held on the need to preserve the environment.

The other theme — essential oils, fla-

vours and fragrances — was also the subject of an international conference, held in India for the first time (see report elsewhere in this section). Of the 350 companies from 30 foreign countries and 160 from India which participated in the fair, preference was given to those in this field for allotment of pavilion space. The participating countries included Afghanistan, Bangladesh, Brazil, Bulgaria, Canada, China, Cyprus, Czechoslovakia, the FRG, the GDR, Hong Kong, Italy, Libya, Norway, Pakistan, Poland, Romania, Singapore, South Korea, Thailand, the U.S. and the U.S.S.R.

Special displays. IITF '89 also had two special displays. One was on watches and clocks — "new creations in time" — with 45 companies exhibiting their range from "classic" to "designer". According to Dr C.P. Singh, honorary secretary of the All-India Electronic Watch and Clock Manufacturers' Association, the national industry has a capacity to make over eight million watches against a domestic demand of 12 to 15 million; it is also looking for a share of the international market of 800 to 900 million, and the association will participate in a foreign fair for the first time in New York next February.

The other display, "India Build Tech '89," was an exposition on building materials and related technology developed in India in the recent past. Set up by the Housing and Urban Development Corporation (HUDCO) in cooperation with TFAI, it stressed the factors of cost-effectiveness and energy saving. One attraction in this pavilion was an exhibition on earth architecture.

■ SEKHAR SESHAN

MIGRANT WORKERS

Kerala agency sits up

Every second Indian worker in the Middle East is from Kerala. In all, close to half a million Malayalees work in these countries (Saudi Arabia, UAE, Qatar, Bahrain, Oman, etc), mainly as unskilled labourers or in petty trading. Most are young, poor and ill-educated, with at best a smattering of technical or vocational schooling.

Naturally, one would suppose that their welfare is high in the priority list of the Kerala government. But in practice, this is hardly so. Only in the past two years, when workers began returning in large numbers and when their remittances began drying up, has the state government woken up. This inertia is found reflected in the performance of the Overseas Development and Employment Promotion Consultants Ltd (ODEPC), a state government company, incorporated in 1977.

Kader: reviving old schemes

Lacklustre performance. In the dozen years of its lacklustre existence, ODEPC found jobs abroad for only 2,066 persons, that too, mostly in the late 70s, whereas as far back as 1975, there were already about 155,000 Indian workers in the Middle East. In 1978-79, it sent abroad 475 workers chosen from its data bank of 5,241 registrants. The next year the figure dropped to 465 — insignificant when compared to the demand for expatriate labour in the Gulf countries (estimated by ODEPC itself) of some 18 lakh in 1980.

Competition from Sri Lanka, Thailand, the Philippines, Bangladesh and Pakistan, as well as the aggressiveness of the many local private recruiting agencies have put ODEPC in a bad plight. Its location at Trivandrum is also a disadvantage, most foreign employers' ideal hunting ground for labour being Bombay. In the beginning, ODEPC had opened two offices at Bombay and Delhi but closed them soon, as the company's losses snowballed right from the start.

The first year's operations netted a loss of Rs.1.23 lakh which swelled to Rs.7.33 lakh by the third year. In 1985-86 the loss stood at Rs.5.27 lakh. By 1987-88, the accumulated losses totalled Rs.20.44 lakh. The company's unwise diversification into construction and housing projects as well as association with a motel project also burnt its fingers.

As the gloom thickened, the government of Kerala appointed M.P. Joseph, the state's young labour commissioner, as ODEPC's managing director in May 1987, and brought in a new chairman, K. Abdul Kader. The new team found that orders were still trickling in, enough to keep the skeletal staff of fifteen occupied. Financially too, things appeared to improve slightly. The year 1986-87 saw a net profit of Rs.2.67 lakh though it dropped slightly to Rs.1.36 lakh the next year.

Early this year, ODEPC sent about a dozen technicians to Saudi Arabia and about 50 skilled ultrasonic technicians to Kuwait. The Sembawang Shipyard of Singapore has approached ODEPC to recruit around 250 workers. Malaysia also entered ODEPC's client list with an order for 75 nurses for two hospitals there. Saudi Arabia's ministry of health remains a regular client for nurses and paramedics, with a regular order for around 150 such personnel.

These orders, small but steady enough, have begun to lift the company's sagging bottom line, though only slightly. In 1988-89, its profit rose to Rs.5.5 lakh. Accumulated losses have now been trimmed to Rs.18 lakh, still a heavy drag on the company's performance.

Housing scheme. Meanwhile, chairman Abdul Kader took the initiative to revive ODEPC's housing scheme in Calicut, for which six acres were bought six years ago. The scheme got bogged down because there was no attempt to develop the land.

The management, however, realises that with the Gulf labour market now stagnant, the company's primary activity — deploying labour abroad — will never bring home the bacon. Consequently, ODEPC is now eyeing the domestic scene, specifically the lower, downscale segment of the labour market, which lacks a structured system for recruitment and supply. The board of directors recently amended ODEPC's articles of association to allow it to recruit and supply workers for both the public and private sectors. For domestic job-seekers it will start a separate registration in its computerised data bank. An ad campaign will invite more registrants. ODEPC will also approach the country's top industrialists, offering to supply their needs of skilled and semiskilled labour.

Will the new plans lift ODEPC to a more stable position financially? And will its performance improve with the new name it intends to acquire in the new year (to reflect the changes in its plans)? At least the migrant workers of Kerala would sincerely hope so.

■ K.G. KUMAR

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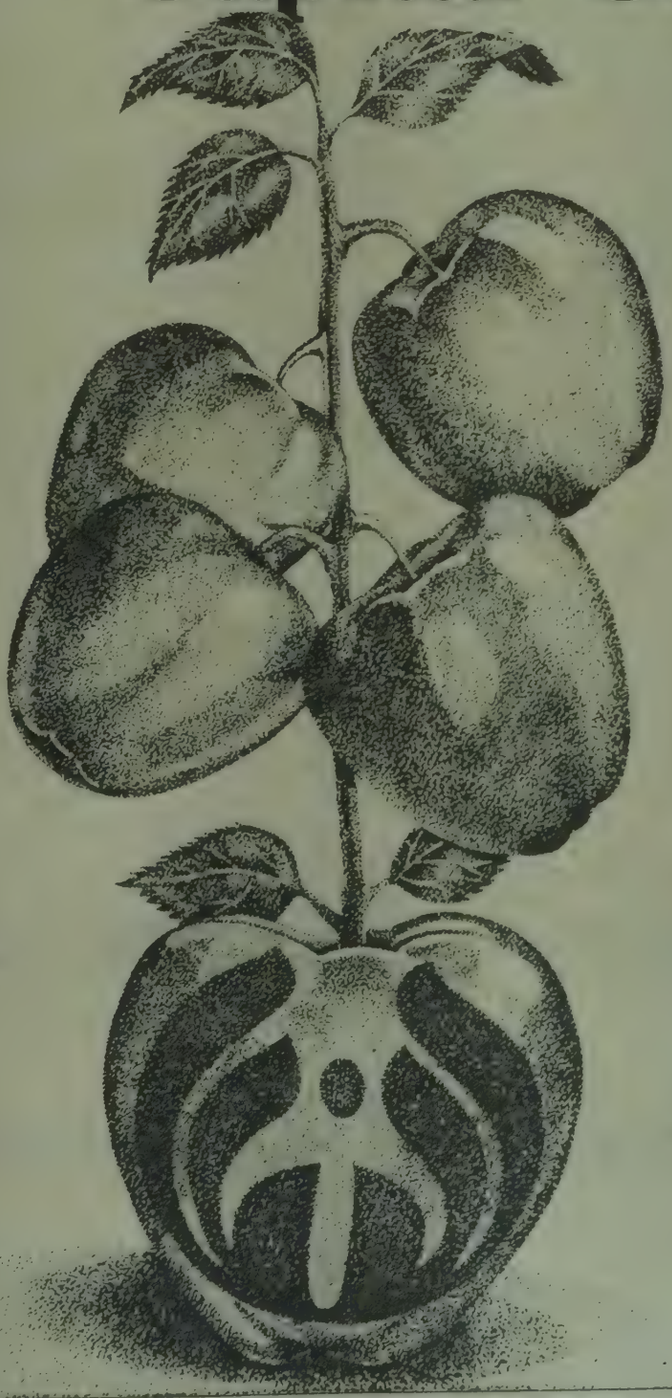

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TELCO

Peace at last ?

On 22 November, the Telco management at Pune became very apprehensive when hundreds of workers supporting the Telco Kamgar Sanghatana (TKS) gathered outside the gates at Pimpri and Chinchwad at six in the morning. The fear was, however, unwarranted as the workers this time had come to join the factory, after having called off the month-long strike.

Thus ended the protracted trouble (see *Business India*, 16 October, 1989) at India's largest LCV manufacturing company. What, however, surprised everyone was the abruptness with which the strike was called off. In the more than ten meetings that were held with the chief minister Sharad Pawar during the period, there were no promises made on either side for the surprise move.

To dispel fear. To appreciate the sincere efforts of the CM and to dispel the management's fear that the 112 suspended workers would create problems in the campus, TKS decided to call off the strike, "even though we were supposed to meet the CM again for a solution to the stalemate," says Rajan Nair, working president of TKS.

Quite a *volte face* indeed from someone who was deriding the CM, vowing never to speak to him again not less than three months ago. And a surprising decision too, when the workers had not won any of the concessions they had demanded from the management and the government.

The decision to acknowledge Rajan Nair as the working president of the Sanghatana is still pending in the court. Their demand for more bonus and a higher wage hike also remain unfulfilled. The 12 dismissed and 102 suspended workers will have to await the court verdict and the internal enquiry report before their fates can be decided, though, according to Nair, the management has agreed to treat 70 suspension cases leniently.

The management, however, does not concur. Says Y.B. Bhonsle, labour advisor, Telco, "As per our stand at the first tripartite meeting (the CM, Nair and Ratan Tata) held on 27 September at Bombay, we have agreed to hand over the inquiry committee report to a neutral party — may be a retired judge — and abide by its recommendations."

That this is a victory for the Telco management can not be denied. Rajan Nair and the TKS knew that the strike could not be sustained for long, as restlessness was increasing among the workers. According to the management sources, 52 per cent workers had already accepted the settlement and joined work, and Nair's calling off the strike was to prevent the loss of workers' allegiance to the Sanghatana.

Inside Telco: production going up

Despite the production of the factory going up from 70 to 145 vehicles a day, the target for the year appears impossible to achieve. What, however, is more important is that industrial relations harmony can be attained in the largest engineering unit at Pune in the months to come.

■ SHEKHAR GHOSH
with ROOP KARNANI

IDM

On the upswing

The chequered history of this IBM clone, which had been stagnating for the last few years, has taken another sharp turn. After a dramatic takeover by the HCL-Mittal combine on 29 March this year (see *Business India*, 3 April), the company has shown a gross profit of Rs.1.86 crore in the first six months after the change in management. This, after a gross loss of Rs.1.88 crore during the preceding six months.

Started in 1978 by 170-odd executives and computer professionals, who were left out on a limb when IBM was forced to leave the subcontinent, the company had everything going for it: it not only had the most professional team — with experience in computer giant IBM — but also the best infrastructure available in all the four metropolitan cities. "And this is what had made the previous management complacent," says Ranjan Joshi, general manager (communications).

The first job for the new management was to get the focus right for this rudderless company. Its product mix was outdated, the new products had not been promoted correctly, services had deteriorated, receivables were substantial, and inventories were high. The highly trained manpower was also being whittled down by migrations to the US. Added to these were the high overheads of the directors, five of whom had to leave the board after HCL's takeover.

Overheads cut. As a first measure, under Malhotra, IDM cut its overhead costs drastically. "We had to write off the outdated inventories and a large part of the receivables, resulting in the loss of the previous six months," explains the general manager (finance), A.C. Narayanan. Adds Malhotra, "We just got into the business seriously; a few agencies were taken up, we concentrated on exports, spruced up our marketing and services and the company was ready for break even. The CAD-CAM system introduced recently has been the cream."

About 25 per cent of the Rs.12.44-crore turnover (April to September) has been generated by exports, mainly to the USSR. The company has gone into a hiring spree with plans for 150 new recruits by the year end. It has taken up an agency for the US-made Computer Vision, the most powerful CAD package available in the world today. It has also teamed up with the Environmental Science Research Institute of the US for its Geographical Information System (GIS) software package. This is marketed under the Arc/Inf-4 brand-name.

While strengthening its financial databases, IDM has renamed its computer centres as Information System Services (ISS), where clients could use all the company's products, including CAD and GIS. "This is where the value addition is," says Narayanan.

It is on the basis of these recent advances that IDM has targeted a Rs.200-crore turnover for itself by 1993. The sales by the end of the current financial year is expected to reach Rs. 50 crore. "By the end of two years, we will have the best balance sheet in the industry," claims Narayanan.

■ SHEKHAR GHOSH

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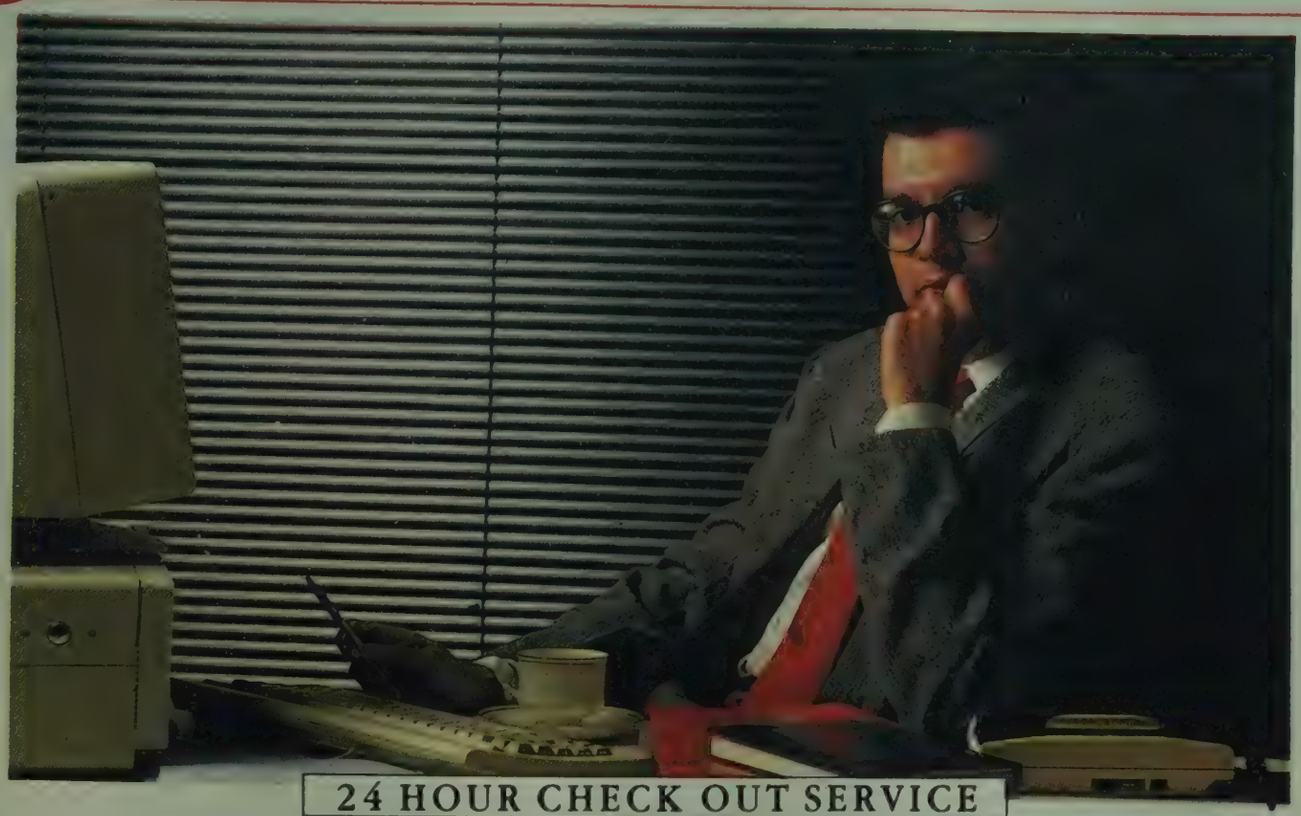

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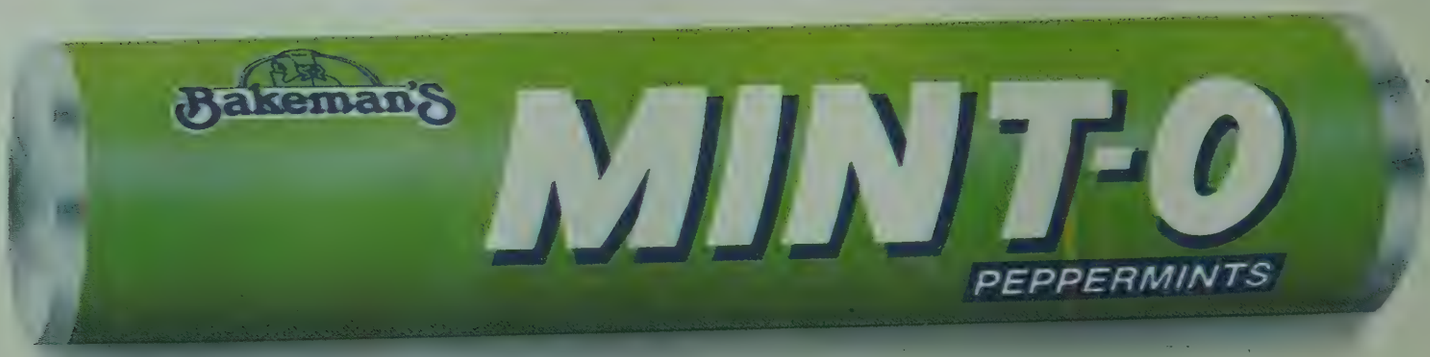

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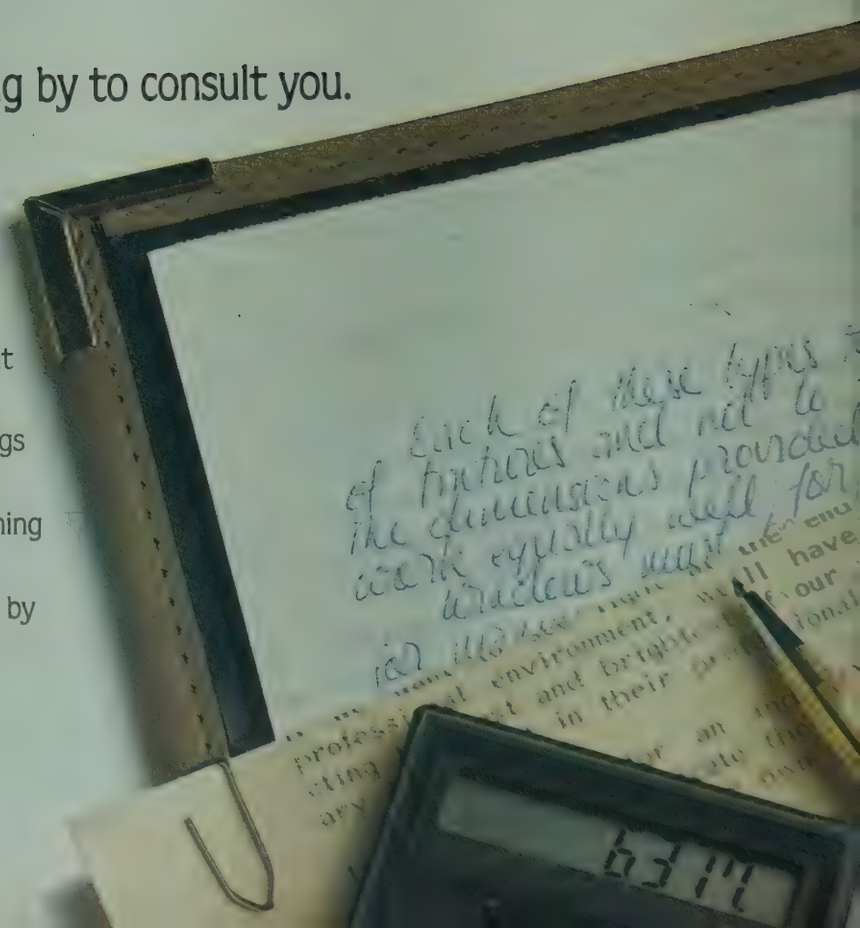

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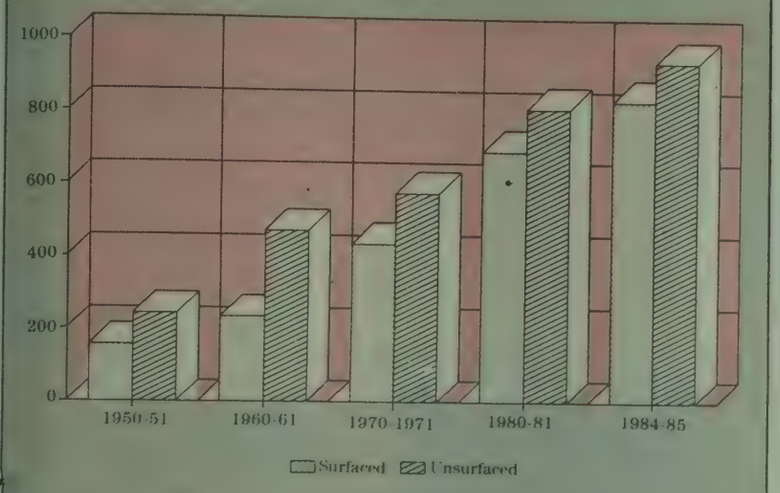
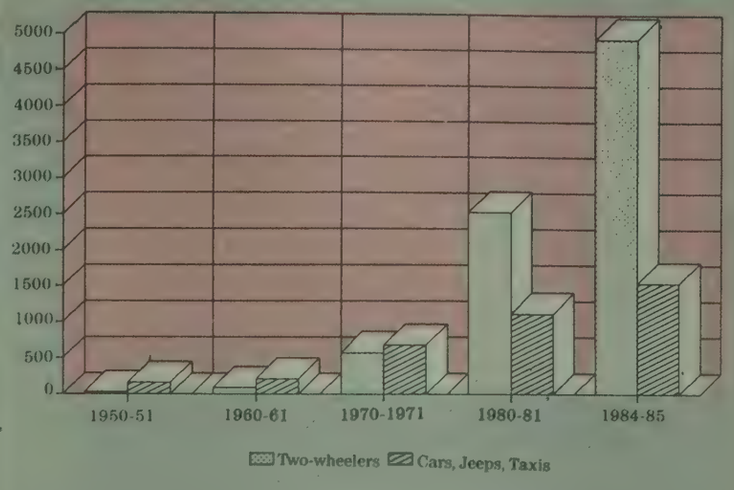


The compound annual rate of growth in case of cars, jeeps and taxis registered between 1950-51 and 1984-85 was 6.9 per cent. On the other hand, the growth for two wheelers in the same period was 16.6 per cent. In 1984-85, the total number of two-wheelers registered was 56 per cent of the total vehicles.

Motor vehicles registered

('000s)



Apart from carrying traffic independently from point to point, the road system is the main feeder to the railways, ports and harbours. While no one can deny that the country has made great strides in respect of a larger network of roads, millions of villagers still have to do without good, all-weather roads.

Consumer price index: The consumer price index showed an increase of 1.2 per cent over the previous month. The index for urban non-manual workers jumped by 3.6 per cent in May.

	May 1989	April 1989	May 1988	% change over month	% change over year
Industrial workers (1982 = 100)	169	167	156	1.2	8.3
Urban non-manual workers (1984-85 = 100)	144	139	131	3.6	10.0

Industrial production and infrastructure: Index of industrial production has decreased marginally. Even though power generation was up by 4.8 per cent, steel production fell by 6.5 per cent. Similarly, there was a sharp decrease in the production of cement by 4.25 per cent.

	Latest month	Previous month	Year ago	% increase over month	% increase over year
Industrial production index (1980-81 = 100)	178.6(7)	180.6	173.7	− 1.1	2.8
Railway freight ('000 tonnes)	23.75(6)	23.73	23.07	0.08	2.9
Crude oil production ('000 tonnes)	2,835(7)	2,826	2,632	0.31	7.2
Power generation (million units per day)	674.1(9)	642.7	570	4.8	18.2
Steel production ('000 tonnes)	698(9)	747	720	− 6.5	− 3.1
Cement production ('000 tonnes)	3,289(7)	3,435	3,418	− 4.25	− 3.77

(figures in bracket indicate months)

Wholesale price index: The wholesale price index of all commodities is up by 8.2 per cent in the month under review. In manufactured products there was a sharp increase in the prices of cement, lime and plaster (6.1 per cent).

1981-82 = 100

	4 Nov 1989	4 Oct 1989	5 Nov 1988	% change over month	% change over year
All commodities	167.6	154.8	156.0	8.2	7.4
Primary articles	166.3	160.2	164.9	3.8	0.8
Mfg. products	170.5	152.6	152.0	11.7	12.2

Money and banking (Scheduled commercial bank): Broad money (M3) has increased by 1.9 per cent during the month under review. Even though there is only a modest increase in bank credit, food credit was up by 29.9 per cent, but was still lower, than in the corresponding period of the previous year.

(Rs crore)

	17 Nov 1989	20 Oct 1989	18 Nov 1988	% change over month	% change over year
Broad money (M3)	2,14,061*	2,09,939	1,76,854	1.9	21.1
Aggregate deposits	1,56,957	1,56,191	1,31,659	0.5	19.2
Bank credit	93,127	92,301	76,243	0.8	22.2
Food credit	963	741	1,096	29.9	− 12.1
Credit dep. ratio	59.33	59.10	57.91	0.4	2.5

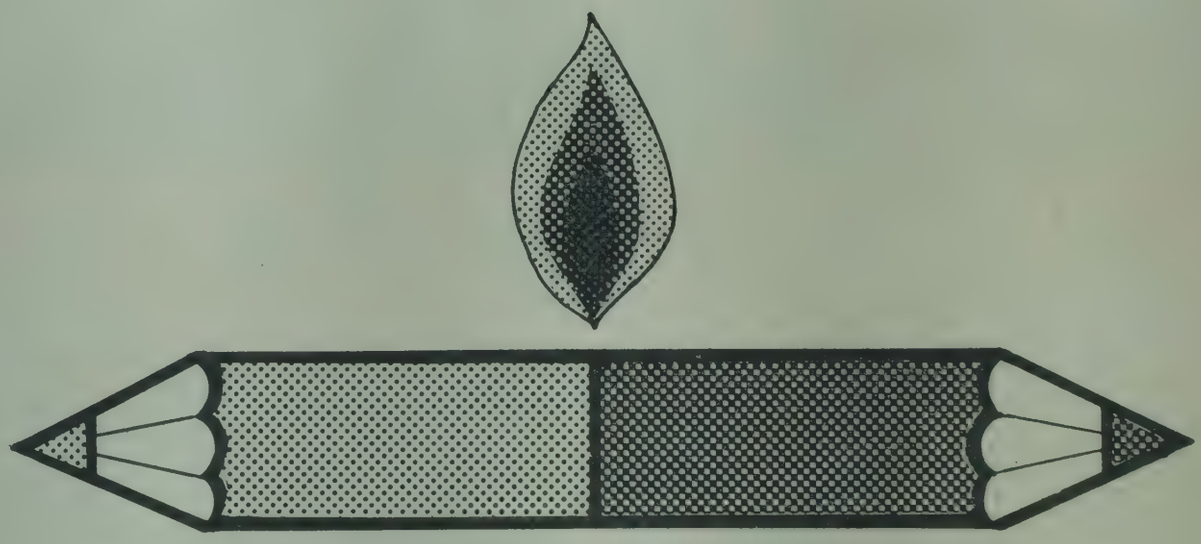
** 3 Nov*

Bullion prices and stockmarket index: Now that the festive season is over, there is no longer a craze for buying gold. But silver price has increased by 4.3 per cent. The percentage change over the year, in case of silver, was greater — 10.3 per cent.

	1 Dec 1989	1 Nov 1989	30 Nov 1988	% change over month	% change over year
Gold (Bombay)	3,235	3,745	3,255	− 13.6	− 0.6
Silver (Bombay)	7,168	6,866	6,495	4.3	10.3

(Gold prices are in rupees per 10 gm and silver prices in rupees per kg)

Dear Chairman, Managing Director, President, Vice President...



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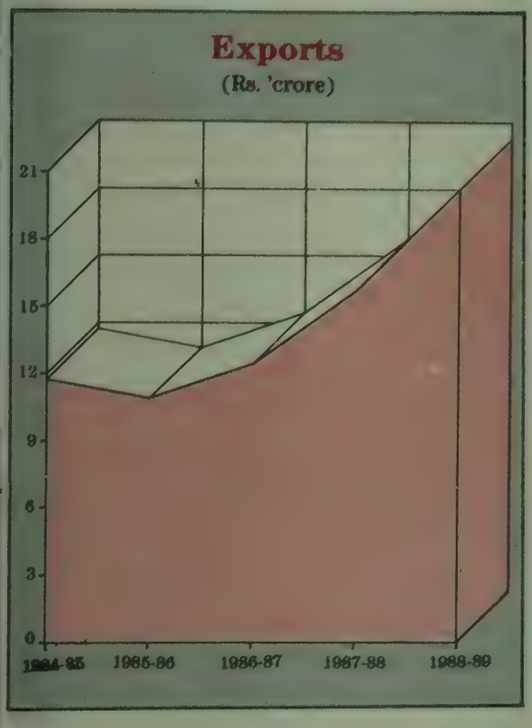

Despite a slowdown in world trade by seven per cent, India's exports grew by 40 per cent in rupee terms in the first six months of this financial year. At the current rate of growth, exports are expected to cross Rs.28,000 crore in 1989-90. In recent years, exports have risen significantly. In rupee terms exports increased by 14.3 per cent in 1986-87, 26.4 per cent in 1987-88 and by around 30 per cent in 1988-89.

Export growth in SDR terms (which takes into account the fall in the value of the rupee) for the three periods mentioned above was 0.8 per cent, 13.0 per cent and 14.7 per cent respectively. Even the volume growth in exports has been eight to ten per cent in 1986-87 and 10 to 12 per cent in 1987-88, which is in sharp contrast to the average annual growth of 2.6 per cent achieved during the Sixth Plan period.

Steadily rising

Also, there has been a qualitative change in Indian exports over the years. This is borne out by the fact that agriculture and allied products accounted for 32 per cent of Indian exports in 1970-71; this has now declined to 17 per cent. The export of ores and minerals which accounted for 10.7 per cent in 1970-71, now account for only around 5 per cent. On the other hand, while manufactured goods accounted for 50 per cent in 1970-71, they have increased to 70 per cent in 1988-89.

In fact, the share of manufactured goods exports has been rising steadily and in 1988-89 increased by a hefty 50 per cent. The principal items that registered substantial growth rates include basic chemicals (79 per cent), gems and jewellery (64), man-made yarn (63), engineering goods (58), silk fabrics (41) and ready-made garments and leather products (27).

Even though India exports to all the major countries of the world, the larger volume exports are concentrated in only a few countries. They are the US, the USSR, the UK, West Germany, Japan, Italy and Belgium.

But with the rise in exports, imports have also risen, albeit slowly. Imports in 1988-89 amounted to Rs.27,693 crore, up 24 per cent over the previous year. With 65 per cent being bulk imports, the scope for reducing or curtailing imports is limited. Also, foreign exchange reserves have declined to Rs.5,228 crore (as of 20 October 1989). This is just enough to cover two months' imports. Certainly a most precarious situation to be in, given the vicissititudes of international trade.

The government of India has, therefore, decided to intensify its export thrust over 14 broad sectors. These are: tea, cereals (especially wheat), processed foods, marine products, iron ore, leather and manufactures, handicrafts and jewellery, capital goods and consumer durables, electronic goods and computer software, basic chemicals, fabrics (piece goods and made-ups), ready-made garments, woollen fabrics and projects and services.

Special plans

Special plans have been formulated for all the thrust sectors to give additional incentives and also marketing facilities. In addition, the government has been following a pragmatic exchange rate policy of constructive devaluation, especially against the US dollar. It has been worked out that a ten per cent devaluation leads to a 14 per cent increase in exports.

Be that as it may, the bane of Indian exports is that the larger business houses contribute very little. For instance, during the period 1983-84 to 1987-88, Tata group exports were of the value of only Rs.1458 crore, Birla Rs.525 crore, Mafatlal Rs.403 crore and the Bajaj group Rs.326 crore. Clearly a lot more has to be done by the business houses. It is here the government should adopt a carrot and stick approach.

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Working hard to please

Surprisingly, all the Central ministries had got down to serious work even before the new government could be formed. As every major election result was flashed on TV the bureaucrats were preparing notes for the new ministers.

The notes were brief, focussing on the issues and files pending in each ministry and the files requiring urgent action, as also the work handled by each officer, deputy secretary onwards.

Only doing his duty

Last month, even as the election results were pouring in, cabinet secretary, T.N. Seshan called on V.P. Singh requesting him to take 'Black Cat' and Special Protection Group (SPG) protection. Singh of course declined the offer, even though Seshan implored with the Rajasaheb with folded hands.

On hearing this, Seshan's detractors were jubilant, seeing in it a snub of the portly bureaucrat who, they presumed, was trying to curry favour with the new government. Seshan's enemies (and there are no dearth of them) also spread, the news that he had rung up his tenant in Madras alerting him that he could be needed to vacate the premises at short notice. Seshan was not available for comment, but his friends say that he did not go to make amends with VP, but only to do his duty and that too at the bidding of Rajiv Gandhi, the outgoing prime minister.

A matter of loyalty

Will Buta Singh soon be back as home minister? While the possibility may now seem remote, some officials of the Intelligence Bureau (IB) expressed this hope at a farewell party they organised for the outgoing minister. News of this incident has already reached the National Front government and eyebrows are being raised at the propriety of the statement (which, for all one knows may have been made in jest).

But the government is taking more seriously reports in some sections of the press that IB had submitted to Buta Singh (after he was defeated) prospects of the Congress-I's probable candidates for the Gujarat assembly elections which may be held shortly. After this, if there are large scale transfers in the IB ranks it will not be very surprising.

But why does Buta Singh trust the IB so much, even more than veterans in politics? An answer may be found in the speech given by Buta at a farewell for Ha Barari, former IB director and now governor of Haryana. Showering praises on Barari, Buta said that he had learnt a lot from the latter and other IB officers and this included political education too.

In pursuit of revenge

Call it an occupational hazard if you will. Those whom you are hunting today could be your bosses tomorrow. Indian Police Service (IPS) officers of Punjab are realising this the hard way. With the militants in the mainstream after the recent polls, and all set to capture power in the state after the assembly elections in March, these police officers are getting jittery. Especially as the major election plank of the militants are police atrocites and 'elimination' of suspected terrorists by the cops in false encounters.

Some of the police officers who have been active in the drive against terrorism are already believed to be seeking transfers away from the state. This the government will not find easy to concede, because the entire IPS cadre of the state has been engaged in the battle against militants and it is well-nigh impossible to transfer all the police officers from the state.

Meanwhile, the militants have already given hints that they will be harsh on the cops. United Akali Dal (Mann) chief, Simranjit Singh Mann — ironically himself a former IPS officer — has called for Nuremberg-type trials to bring to book those who had committed "excesses".

If the militants are successful in the forthcoming assembly elections they will press for bringing Chaman Lal back as the director-general of Punjab police. Lal was IGP in the sensitive border zone till late last year when he resigned in protest against the harsh and repressive measures of the Punjab police.

Singh: needs no protection?

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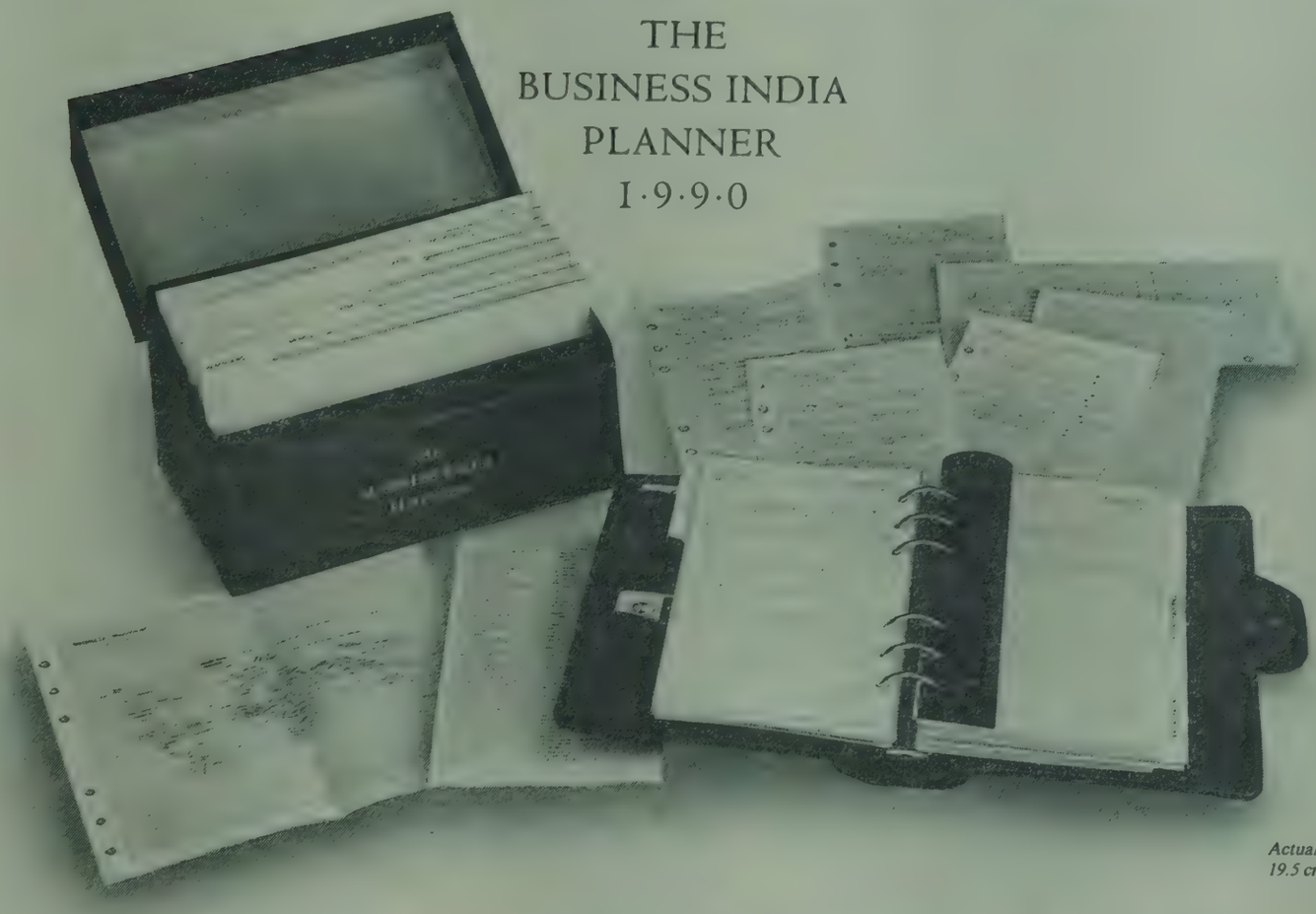

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Facing global competition

PARTHA S. GHOSH

A hundred years from now, if a historian were to describe the last 15 years of the global economy, probably the period will be described as an era of "multiple revolutions" which has all the characteristics of the French, Industrial, Russian, and Chinese revolutions along with the American war of independence, emancipation of slaves, discovery of electricity and penicillin, and landing on the moon — all happening around the same time. Consequently, all the noticeable mega trends of today suggest that the coming decade will witness substantive changes in the global geo-political and economic alignments.

The ongoing revolutions, although relatively silent, are making political, government and industry leaders of progressive economies continually review the fundamentals, and ask essentially a set of similar questions:

"Are we in tune with the emerging trends and fashions of the world?".

"Will the proven management concepts stand the test of competition from the East (Japan, Korea, Taiwan, Asean)?

While a few nations ask: "Should centrally planned economies recognise market mechanisms?", others wonder "Should the market mechanisms be guided to draw up coherent and strategic national economic agenda?"

Russian *perestroika*, the dramatic changes in Poland and Hungary, the East German mass exodus to West Germany, Soviet-American dialogues, the change to a single European Common Market in 1992, adoption of Japanese management concepts and Eastern management principles by progressive companies in the West — to name just a few, are indicative of the nature of basic changes people of different nations have geared themselves for.

Misplaced pride

Yet, in contrast, the Indian leadership seems satisfied with the superficial excitement recent liberalisation has caused in a few pockets of the country. Also, many recent initiatives, though new to India, appear 20 years too late. For example, use of Western management concepts by Indian companies is again mistimed. When the world is eager to learn from the Far East (from principles which have genesis in our philosophy), we seem to be settling for Western concepts that are being rejected by them.

The visible euphemism, misplaced pride in democracy (which for all practical purposes could be called "cleptocracy"), and the superficial approach to modernisation need to be corrected immediately if Indians are to come to terms with the reality of change taking place in the globe.

The way out of this current state of confusion, is for India to develop strategic links with major nations. We must become significantly more externally oriented, not only to enhance our exports to deal with our liquidity problems, but to deal with the emerging crisis because of our inability to be proactive in dealing with the world. We cannot continue to be late in pursuing global trends.

A quick analysis of our recent policies indicate they are essentially reactive, but often uncoordinated (lacking in depth) and out of phase with the underlying trends of the world. For example, we began to recognise the importance of economies of scale when other progressive economies were already moving towards 'economies of small lots and flexibility'. We use terms such as excellence, and quality when, at grassroots, we are not even trained to draw straightlines, or develop a basic sense of aesthetics. As a result, today, while we may be only three or four years short of adopting Western buzz words, our true socio-economic gap with the advanced economies has increased dramatically.

When the world is eager to learn from the Far East (from principles which have genesis in our philosophy), we seem to be settling for Western concepts that are being rejected by them

Accordingly, in order to deal with the 'widening gap, closing vocabulary' phenomenon, Indian economy has to be systematically and strategically exposed to the realities of global competitive dynamics. This exposure ought to be taken much beyond those occasional visits our government and industry leaders make under the banner of bilateral missions, and must envisage a significantly broader view beyond just the existing export levels.

The challenge

We need to recognise that the globe is moving towards a 'borderless nationalism' in which a country's pride and clout will be determined by the value it could contribute to the global economy and the 'give and take' working relationship each could strike with institutions of other nations. The success of East Asian, and South East Asian economies could be largely attributed to their ability to strategically link up with progressive economies of the world, to learn management concepts and principles from Nippon (namely the

The author is a Tokyo-based international management consultant and currently advisor to government and industry leaders on policy, strategic and organisational issues

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conclusions from a Balance Sheet.

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Japanese companies) and to commit themselves to build worldclass institutions.

Given our lethargic and costly approach, establishing meaningful working arrangements with institutions overseas will not be easy. We have to be able to offer 'deals' which are more attractive compared to those that are being put forth by nations which are our economic competitors. Although over the last 25 years, a lot has been written on India's export competitiveness, in real terms, India has lost her share in the global market. We all know that to compete, we must produce good quality at a competitive price. Yet, but for a few exceptions, Indian industry has failed to develop the desirable competitiveness.

We have to develop the confidence that Indian companies can take on the best competitors. If not head-on, at least through innovative products and marketing techniques and change the rules of global competition which will enable Indian companies to win against the best

In order to build the much needed competitiveness of our products and services, we have to focus first on making our systems and attitudes competitive along several parameters.

- First, Indian companies' attitudes towards customers have to be competitive. This must involve boardrooms, senior management and engineers spending significantly more time understanding customers psyches, their likes and dislikes, their economics and above all their decision making process better than our counter parts in competing nations.
- In the same manner, the "fighting spirit" of Indian companies as compared to that of their rival companies in other countries has to increase significantly. We have to, particularly the echelons of Indian organisation, develop the confidence that Indian companies can take on the best competitors. If not head-on, at least through innovative products and marketing techniques and change the rules of global competition which will enable Indian companies to win against the best.
- Furthermore, leaders of organisations have to create an organisational environment which is competitive in relation to the strongest companies in nations in a similar economic league. Unfortunately, today, most Indian companies suffer from a lethargic spirit which does not inspire people to review the fundamentals. Instead, individuals keep watch on the number of hours they have to spend in office every day.
- In addition, the bureaucrats and government officials have to realise, that if our nation is to compete in global markets, the speed at which work, approvals and permissions must be sought has to be at par if not faster than that of the most competitive countries. An instance in point is a Japanese friend's recent experience of dealing with Thailand and the Indian bureaucracy. According to him, "in spite of your fast-track business, for the same kind of enquiry, what took me 6 hours in Thailand to complete, took six weeks in India and that too after a lot of trouble and undesirable payments."

The unsettling process

We must recognise that our competitive products and services reflect our basic attitudes towards perfection and productivity, and that our ability to respond to change, although it has increased, is not continuous. Our corporate boards, leaders in the government and politics have to learn the act of unsettling their organisations from the current "status quo" position. Today, organisations both in the West and in the East, review their fundamental work habits every 3 or 4 years to live up to competitive challenges.

To switch to a more competitive situation we have to, first break away from the legacy of the past and tune in immediately to an environment to launch a management renaissance at top speed with one fundamental belief, "if there is anything permanent it is the process of change".

The unsettling process needs to be organised by the top management. The board, chairman or CEOs, leaders of government and ministries must devise a process that will keep them on their toes by taking on new challenges; while at the same time striving to raise innovative issues vis-a-vis environmental changes and to work to resolve an organisation into new formats. Accordingly the institutional leader should shift from

- managing a status quo, to that of managing new formats in tune with environmental changes,
- protecting and refining old assumptions to that of continually challenging them,
- keeping the organisational inspiration within the conventional framework imposed by the previous generation (or headquarters of multinationals) to unleashing creative energies to organise, to re-examine the validity of conventional constraints, and in turn explore new horizons of economic and corporate development.

We as, a nation, must realise it is now time to take risks and earn big rewards. Around the globe people risk their careers to experiment and try out new principles, philosophies and work habits, why not us? In an age of technology, the process of unsettling is a fundamental requirement to survive.

The eighties

A decade of change

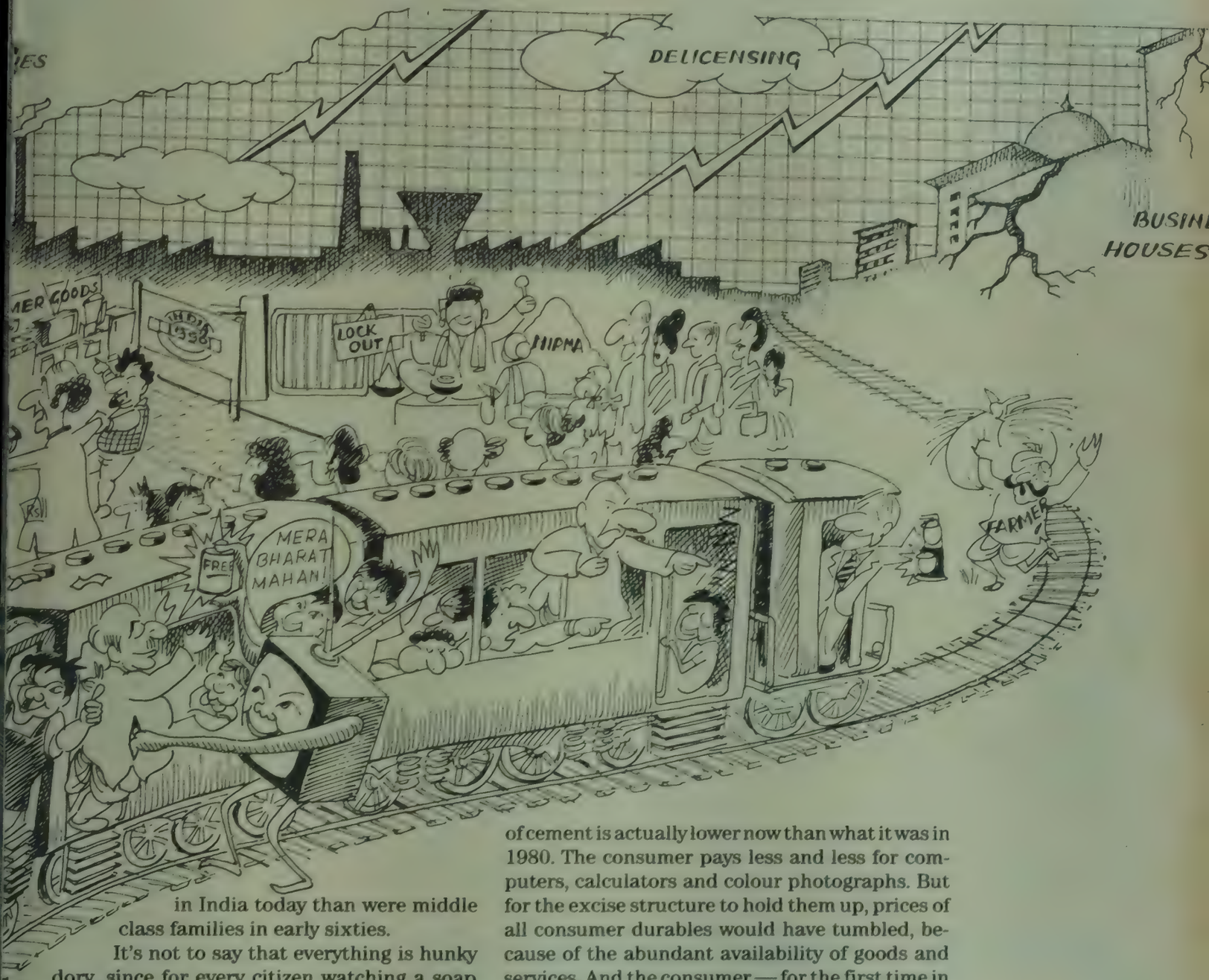
The end reflects the essence of the beginning — change. The last ten years have transformed not only the society and economy, but also the psyche of the country. Terms unheard of in the seventies are now a part of the standard vocabulary: floppies, yuppies, takeovers, broad banding, liberalisation.... And, again, reverred terms of the past are now passe: socialism, controls, state interference.... One can easily sum up the decade by saying, "Long live democracy." Or, if one wants to be more specific, "Long live liberalisation."

Some of the changes have been intemperate, and violent. Some, like liberalisation has been gradual, initiated by Indira Gandhi and catalysed by Rajiv Gandhi. Meanwhile, fortunes have been made and lost. Corporate wars have been won and lost, mostly in the marketplace. A lot has happened, probably events more important than those mentioned above. Still, the message of the decade rings loud and clear — economic realism will triumph over slogans. As the well-known economist V.K.R.V. Rao says: "It has also become clear that the clock cannot be turned back."

Overriding concern

Without a doubt, economics has overshadowed politics as the overriding concern of the decade, in India as well as elsewhere in the world. Perestroika in the Soviet Union, the withdrawal of troops from Afghanistan, and Mikhail Gorbachev's impressive gestures to reduce arms have a reason beyond politics — the Soviet consumer is more interested in refrigerators, meat and jeans than in "expropriating the expropriators". Margaret Thatcher has created history with her determined privatisation drive in the UK. The imminence of EEC-1992 is yet another instance of the domination of economic considerations. With almost predictable regularity, the shibboleths of State control and interference are being cast by the wayside. As Nobel prize winning economist Paul Samuelson would say, butter is winning over guns.

India too mirrors this worldwide pattern of change, albeit at an abysmally slow pace comparatively. Even then, the results are there for all to see. One hundred million Indians, one eighth of the total population, have the purchasing power to buy gadgets which they wistfully dreamed of in the seventies. More than 12 million purchase and hold shares; there are probably more millionaires



in India today than were middle class families in early sixties.

It's not to say that everything is hunky dory, since for every citizen watching a soap opera at prime time, three go to bed malnourished. For every person indulging in stockmarket games, there are four citizens struggling without a job or regular income. Many feel that these have been the signal economic failures of the eighties. Perhaps. Says Jay Dubashi, a right wing economist, "It is the skewed pattern of distribution that disturbs."

Even then, it can't be denied that economic well-being has dramatically improved. Growth in per capita income doubled from 1.5 per cent of the earlier years to 3 per cent plus in the eighties — a broad macro indicator. Even at the micro level, the improvement has been spectacular. The price of cement is actually lower now than what it was in 1980. The consumer pays less and less for computers, calculators and colour photographs. But for the excise structure to hold them up, prices of all consumer durables would have tumbled, because of the abundant availability of goods and services. And the consumer — for the first time in independent India — can boast of a measure of choice. "He is exercising the choice with a vengeance," comments Sudhir Lal, chief executive of Clarion.

The consumer has more than 100 known brands of TVs to choose from, as against barely half a dozen that existed in 1979. A dozen different brands of two-wheelers at competitive prices can be driven off from retail outlets. The choice is equally wide in the case of radios, audio systems, detergents, toilet soaps, sanitary napkins, ceiling fans, after shave lotions, airconditioners, processed food, pickles, movies, condoms.... The list is almost endless.

Equally important, the rural consumer has begun to play his role, though purchasing power is still heavily loaded in favour of urban pockets. It is no longer a rare sight to find a moped, a TV, or items like Nirma, Lifebuoy or Pan Paraag in village

stores. According to the chief of a well-known market research company, "It is a myth that the villager is uninformed. Sooner or later, the marketer will have to focus attention there." Ten years back, the hapless consumer could have only dreamed of such preferential treatment.

These flickering images of prosperity highlight the basic successes on the economic front. They hide a lot too. On the positive side, probably the most important development has been breaking the barrier of the Hindu growth rate. Throughout the eighties, the average annual growth rate has been above 5 per cent. "More important, even debilitating droughts have not resulted in negative growth — unlike in the past," says H.P. Nanda, chairman of Escorts, echoing the thoughts of many industrialists and economists.

The industrial and service sectors have acquired a degree of independence from agriculture and a rhythm of their own. Though about 20 per cent of industry is still agro-based, the rest has been growing steadily at high rates — drought or no drought. And, the services sector looks poised to considerably reduce the employment gap which plagued the economy for more than 20 years. Besides, the industrial base has expanded tremendously to include the sunrise sectors of petrochemicals, electronics and information technology, the three that are predicted to rule the nineties. Even exports have boomed consistently. Brij Mohan Lall, chairman of the Hero group and former president of the Confederation of Engineering Industries, feels that progress made in exports is the success story of the eighties.

No effort made

On the darker side, there has been almost no improvement in agricultural yields. In a sense, the eighties have established beyond doubt that the rain gods hold sway over the farmers' fortunes and can still devastate rural India at will. And no sincere effort has been made to improve the situation.

Worse is the state of government finances which seem to be getting out of control. Fiscal irresponsibility through the eighties have resulted in higher deficits on the current account year after year. Funds earmarked for investment for construction of plants are getting diverted towards payment of salaries and other non-productive activities. Despite pious proclamations made in the long term fiscal policy (LTFP) document, the government has not succeeded in shrugging off this dangerous trend.

As far back as 1986, the deputy governor of the Reserve Bank of India, C. Rangarajan had forecast the dire consequences that fiscal lapses can lead to. Such irresponsibility has been largely responsible for huge internal and external debts, unfettered growth in liquidity and inflation. It also explains why, despite a high savings rate (22 per cent), capital investment is not what it should be. The government seems to be suffering from a compulsive urge to grow bigger day by day.

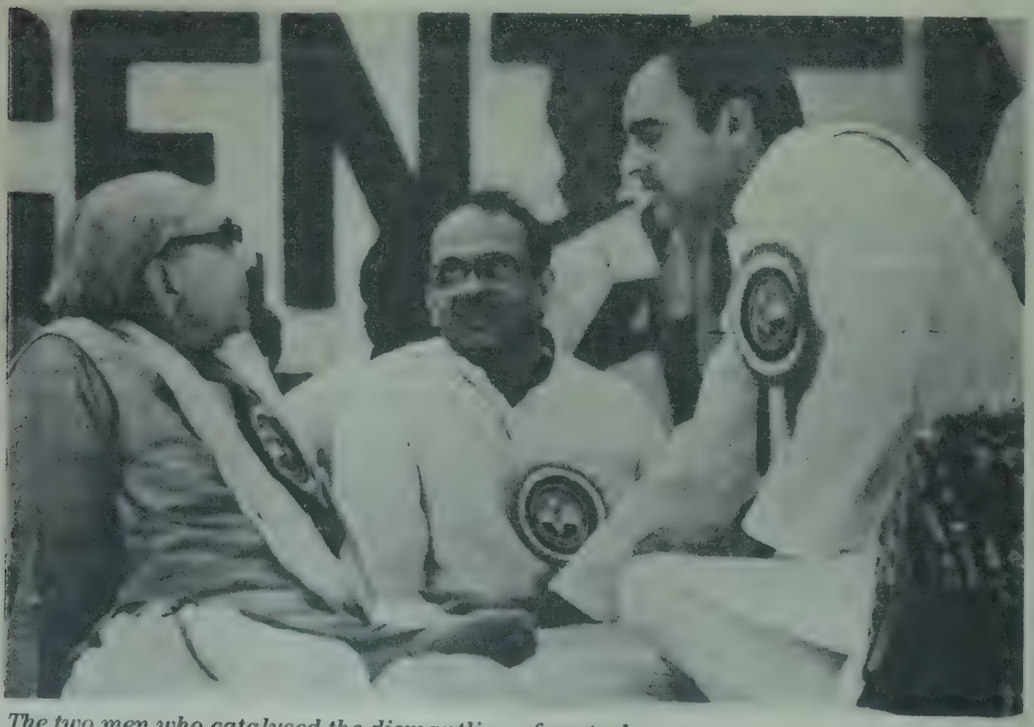
The corporate sector too is getting bolder and acquiring an insatiable appetite for growth. But, for the corporate sector, the appetite is now welcomed enthusiastically. A fundamental attitudinal change has come about in this decade. Big is no longer bad, and profit no longer raises hackles. Except for fringes of the left, just about every section of the society — including the government — has realised the value of the extant *baniya*. Even the chief minister of the Marxist-ruled West Bengal has "welcomed private investment with open arms".

And the corporate sector has exploited this welcome change in attitude with a vengeance. The spirit of gung-ho and go-get-it has been dramatically summed up by the once eloquent chairman of the Reliance group, Dhirubhai Ambani in 1980: "You don't require an invitation where there is a profit." To put it another way, the motto became: "Where there is a profit, there is a way". And so emerged the home-grown entrepreneur of the eighties.

Clearly, in the corporate sector, the decade belongs to the new hero — the entrepreneur. Egged on by the government, loved by the shareholders and created by market forces, this breed has remained in the forefront of the industrial resurgence in the eighties. Some, like Ambanis, Oswal and Ruias, have been catapulted into the megaleague. Others, like Kapal Mehra, have failed while hundreds of others, ranging from Karsanbhai Patel (Nirma) and Shiv Nadar (HCL) to R. Kalyanaraman (Good Knight) and M.M. Kothari (Pan Paraag) have created history in their own way. In fact, the traditional business families seem to have taken a backseat in this dash for corporate success.

There is perhaps a deep rooted reason for this realignment. When government started dismantling controls, the traditional families took longer to react. So used were they to the somnolent pace and sheltered markets of the seventies that many let events overtake them. The decline of the Sarabhais and the Dalmias testify to this.

An even more significant development is the liberalisation unleashed through the eighties. Starting with the partial decontrol of the cement industry in 1982, the economy has witnessed unprecendented loosening of controls. Delicensing, the raising of MRTP limits, encouragement to foreign investment, lowering of personal and corporate taxes, incentives on exports, easing of import restrictions, broadband-



The two men who catalysed the dismantling of controls....

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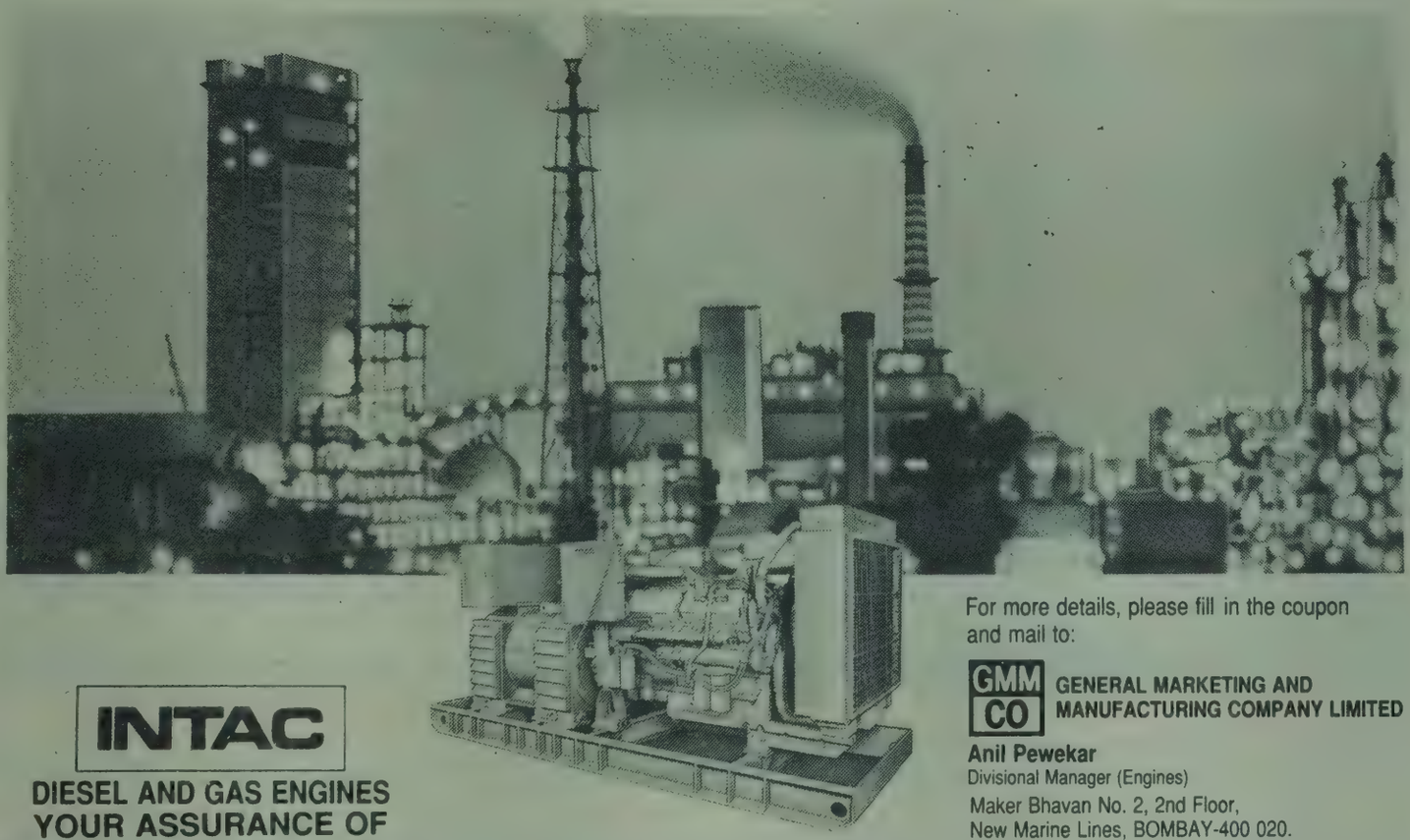

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ing of industries... all these measures contribute to the transformation which has swept the corporate sector — the most significant achievements of the government in the eighties. Though not complete, the end of the insiduous licence permit *raj* is near at hand. According to D.T. Lakdawala, a well known economist: "As against the rigid system of the seventies, relaxation has been a major factor behind the spurt in industrial growth in this decade."

Thanks to liberalisation, the corporate sector in India has started behaving very much like its western and more developed counterparts. Probably one of the more significant changes in its behavioural pattern is the appetite for takeovers. Virtually unheard of in the seventies, 'takeover' has now become the watch-word of the new breed and has shattered the complacency of traditional managements. It has also created a new class of industrialists called takeover tycoons. Manu Chhabria and R.P. Goenka have developed it into a fine art, while Dhirubhai Ambani engineered the corporate coup of the decade by suddenly taking L&T over. Now, it is time to wait for the leveraged buyouts (LBOs) and hostile takeover wars through the stockmarkets.

While the stockmarkets have not yet gone for LBOs and junk bonds, they have otherwise kept pace with the corporate sector. By and large, the stockmarkets have been a delightful arena for the bull. Besides, the equity cult has spread virtually throughout the country, with village and small town residents also active players in the later part of eighties.

These changes assume significance because they open a very important channel for mopping up savings. Probably the only false note in the metamorphosis of the stockmarkets has been the lack of regulations, which has led to a boom in the number of fly-by-night operators who have fleeced the gullible investor. But by and large, the corporate sector has taken healthy advantage of the spreading equity cult. "Without liberalisation, there wouldn't have been a stockmarket boom. And without the boom, the corporate sector wouldn't have been so bullish," comments Harish Bhasin, president of the Delhi Stock Exchange.

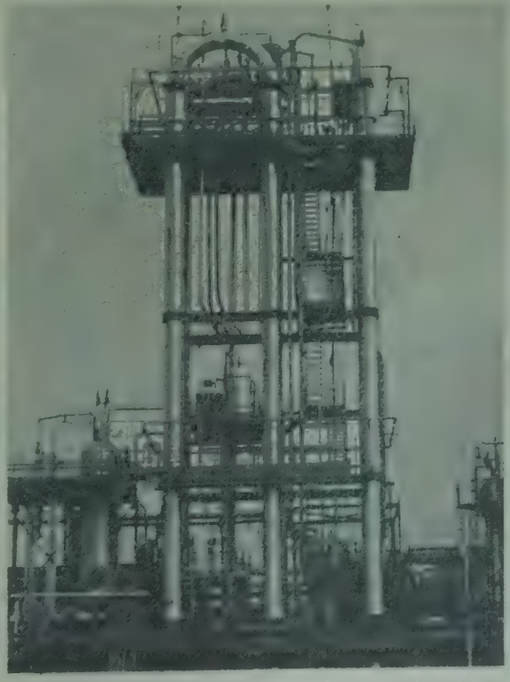
Not unblemished

But while the corporate sector is bullish, it has not been without blemish. The biggest blot has been Bhopal, which continues to haunt the nation's conscience. Fortunately, though, the corporate sector is now taking cognizance of the environment.

As stakes have grown bigger, acrimony has also intensified. Well-knit business families have regularly been breaking up through this decade, most splits resulting in bitterness and a loss of corporate stature. Even at a macro level, the corporate sector has sometimes succumbed to churlish behaviour, the long-lasting feuds in and between FICCI and ASSOCHAM being cases in point.

Worse than these squabbles have been the frequent outbreaks of corporate warfare. Because of competition in the market for goods as well as takeover targets, clashes were inevitable. But the manner in which some battles have been fought have caused embarrassment. More ominous is the way financial institutions and bureaucrats have been often subverted to fight proxy battles. The long shadow of the business-politics nexus looms over the corporate sector.

Of course, it is not as if all corporate battles have been settled through battles. And the market place mercifully, still decides the fortunes of a company. And because of competition, marketing has emerged as a very important and potent weapon. No longer can the company survive by merely manufacturing and 'selling' a product. It has to market it to the consumer. Whoever had seen advertisements for cement in the seventies? For almost all product ranges, the company now devises a marketing strategy and does extensive market research before launching a product. Terms such as positioning, the target consumer and his profile, and branding, are used at the drop of a hat. And not frivolously either.



...and created an industrial superstructure

Simultaneously, advertising has boomed. Helped enormously by colour televisions and magazines, this industry is now worth more than Rs.1,000 crore, almost five times the size it was at the turn of the decade. More important than size is the effect of advertising on society. Experts now talk of the emergence of consumerism in India, with a 100 million-strong middle class fed on soap operas and commercials. It is this target group which the new entrepreneurs of India have set their sights on.

Indeed, one of the most interesting phenomenon of the decade has been the flair for marketing displayed by the homespun, small scale industrialist. In the seventies, advertisements were almost exclusively the domain of multinational affiliates. But then, in a sudden reversal of roles, the *desi* entrepreneurs seem to be teaching a lesson or two in marketing to the much vaunted marketing-oriented multinationals, as is shown by the spectacular success of products such as Nirma, Promise, Pan Paraag, Rasna and others. Gurcharan Das, chief executive of Procter & Gamble (India) Ltd calls it the Ahmedabad mentality which has enabled the likes of Karsanbhai Patel and M.M. Kothari to swiftly move in after identifying a large untapped market. Simultaneously, international brands such as Tang, Rothmans, American Tourister, amongst others, have either bombed or are limping along in the Indian market.

Does it mean that the time has come for the Indian company to be able to compete successfully in the world markets? Perhaps yes. But going by the state of affairs today, that day is still far off. For starters, liberalisation has not even reached the halfway mark.

And the government, on its part, continues to be irresponsible and has not regulated or checked the activities of the stockmarkets and the corporate sector. As the representative of a large multinational says: "Very often, major players in the economic field in India behave like adolescents." The implication is: a South Korea type miracle is not on the cards yet.

Such shortcomings need not dishearten. In fact, they serve to drill home the lesson the outgoing decade has taught India: it is time to dump slogans and get on with the act.

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THE ECONOMY

A change in course

The Indian economy, which was ambling along during the first three decades after Independence took off at a gallop during the eighties. For much of the developing world, the eighties have been a dismal decade. Low economic growth, the debt crisis and high inflation have been common. In contrast, for India the last ten years have been among the best economically that it has ever seen.

The eighties were a period of relative political stability which encouraged economic growth — barring of course 1984 which culminated in the assassination of Indira Gandhi. The seventies by contrast witnessed the Indo-Pak War (1971), the Emergency, Mrs. Gandhi's fall from power and the brief reign of the Janata Party.

It was a decade of the consumer. Attitudes to consumerism changed. The introduction of colour television transmission in 1982 was widely criticised as an indulgence which a poor country could not afford. By the end of the decade, the decision of Maruti Udyog (which had been set up to produce the people's car) to introduce a car which would cost around Rs.2.5 lakh — The Maruti 1000 — did not raise any eyebrows.

Things of the past

Shortages of and premiums on consumer products receded into the past. Cement, two-wheelers, colour TVs, and computers became readily available. Price wars raged. The country experienced a glut in certain products which had been in short supply only a few years earlier.

What had brought about this happy situation? It had become evident, by the early eighties, that the licensing and control policies prevailing had become counter-productive. An attempt to lessen the severity of the restraints implicit in the licensing system in what came to be called liberalisation. A beginning was made to make the economy cost effective, competitive and more productive.

In agriculture, however, growth slowed down. But in spite of a succession of poor monsoons the country did not have to resort to large scale imports of foodgrains. Because agriculture did not grow as fast as industry and services its contribution shrank to about 35 per cent of gross domestic product over the decade.

The service sector really took off and became larger than both industry and agriculture. Again, this was an illustration of the growing complexity of the economy. However, there was some criticism that such rapid growth in a non-commodity producing sector was unwarranted in such a poor country.

While the economy remained buoyant a cause for concern was the inability of the government to meet the needs of current expenses from current revenues. Administrative costs, defence and interest payments rose sharply during the decade. The deficit also went up sharply, posing the threat of an internal debt trap.

Balance of payments were also a cause for concern as India had taken a massive IMF loan.

Though exports climbed sharply imports continued to be higher. At the end of the decade, a turn to the IMF once again seems likely.

What was most striking was the 4.7 per cent annual compounded growth that the economy achieved between 1980 and 1988. A major contributor to its ability to break out of the so-called Hindu rate of growth was the vitality of the industrial sector.

Three decades of infrastructural development appeared to be pay dividends now. Power shortages were not as acute as they were in the seventies. The discovery of oil at Bombay High in the seventies, enabled a reduction of crude oil imports to as low as 18 per cent of total crude oil throughput in 1985. Coal production also increased sharply and the railways demonstrated an increase in their carrying capacity and efficiency.

Changing focus

With basic infrastructure in place, government policy attempted to ensure that industry became competitive. The number of industries requiring compulsory licensing was reduced, enhancement of capacity was made easier and the severity of MRTP was reduced. To get around problems of small, uneconomic capacity set up earlier, minimum economic sizes were specified for different industries. To enable units to respond to the market, in 40 industries units were allowed to broadband their product range. Import of technology and foreign collaborations became easier.

Though industrial production expanded, the structure of industry changed. Older industries like cotton textiles stagnated, while growth occurred in chemicals, petrochemicals, electronics and apparel exports. The index of industrial production was revised to reflect the change in industrial production and the base was changed from 1970 to 1980-81.

With this change, the index showed a

Selected economic indicators

	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90
GNP at current prices	136,157	159,460	176,954	205,737	229,167	261,078	291,603	328,659	387,000*	451,000**
Index of Industrial production (1981=100)	107.0	111.5	117.2	128.1	139.7	149.4	165.0	178.0	181.0	198.2*
Foodgrain production (million tonnes)	129.6	133.2	129.5	152.4	145.6	150.4	143.4	138.4	170.0*	
Trade Balance	− 5,776	− 5,871	− 6,271	− 9,586	− 9,354	− 9,296	− 10,100	− 9,500**		
Invisibles net	3,480	3,609	3,896	3,659	3,524	3,003	3,100*	3,000**		
Current account balance	− 2,296	− 2,262	− 2,852	− 5,927	− 5,830	− 6,293	− 1,000*	− 6,500**		
Overall budgetary deficit (1)	3,451	2,519	2,349	2,135	5,105	3,439	9,150	6,247	8,356	
Growth in money supply (M3)	55,358	62,426	72,868	85,899	101,957	118,338	140,633	162,660	190,523	
Wholesale price index (base 1970-71=100)	278.4	285.3	308.5	334.0	353.3	372.2	395.5	428.6		

** CMIE estimates* *** CMIE projections* *(1) Report on Currency and Finance, Reserve Bank*

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growth rate of 7.7 per cent between 1980-81 and 1988-89. Even when agricultural growth slumped between 1986-87, industrial growth did not fall appreciably. The faster growth between 1981-88 took place in industries like television (20.8 per cent), black and white television (39.2), polyester filament yarn (38.4) and domestic refrigerators (17.4). The troubling aspect of this growth was the high reliance on imported components. In certain cases, this meant actually only the import of completely knocked down kits.

Agriculture slowed

Agricultural growth, on the other hand, was lower than that taking place in industry. Foodgrain production increased from 129.6 million tonnes in 1980-81 to an estimated 170 million tonnes in 1988-89. But the trend rate of the growth of production was only marginally higher than the growth of population.

The challenge that agriculture took on during the decade was to spread the cultivation of high yielding varieties to dryland areas. But here there was little success. Increases in production come largely from three states, Punjab, Haryana and Madhya Pradesh.

Critical shortages developed in areas like edible oils and pulses. The former required large scale imports which peaked at 4.1 per cent of total imports in 1987-88. Per-capita availability of pulses fell as production virtually stagnated. It hit the poor especially hard as pulses remained their major source of protein.

Unlike agriculture whose share in the net domestic product fell from 39.9 per cent in 1980-81 to 32.2 per cent in 1987-88, the share of the service sector increased from 35.8 per cent to 39.5 per cent. The fastest growing segments in this sector were transport and communications which grew at a compound rate of 20.8 per cent between 1980-81 and 1987-88, public administration and defence (17.31) and banking and insurance (17.08 per cent).

While much of the economy fared from fair to well during the decade, two areas deteriorated, public finance and the balance of payments situation. As the decade progressed the government was unable to meet the burden of current expenditure (or non-plan expenditure) from its current revenues. Uptill 1982-83, there was a small surplus of current revenue over current expenses. Between 1980-81 and 1987-88 revenue receipts increased from 18.75 per cent to 23.10 per cent of GDP. But revenue expenditure increased from 17.24 per cent to 25.06 per cent. The major problem remained the inability to increase tax revenues sharply. For example, agricultural income remained untaxed. Public sector units contributed little to budgetary resources. And, that too, the petroleum sector.

The farm is still trying very hard to catch up...

Non-plan expenses

On the other hand, the major reason for the burgeoning non-plan expenditures was increase in expenditure on defence, interest payments and subsidies. While defence expenditure as a percentage of GDP remained virtually static at 3.9 per cent, subsidies on chiefly food and fertiliser, increased from 1.2 per cent of GDP to 1.9 per cent in 1988-89. By 1988-89, defence, interest payments and subsidies constituted 70 per cent of total non-plan expenditure and pre-empted about 105 per cent of the Centre's net tax revenue.

The government was forced to bridge the budgetary gap by resorting to deficit financing. The deficit increased from Rs.3,451 crore in 1980-81 to an estimated Rs. 8,356 crore in 1988-89. The government's internal debt rose from Rs.30,864 crore in 1980-81 to an estimated Rs.130,758 in 1989-90. Interest payments increased from Rs.2,567 crore to Rs.17,000 crore in 1989-90. The interest the government received as a percentage of interest paid declined from 67.6 in 1980-81 to 47.3 per cent in 1988-89.

Growth in money supply during the decade averaged 16 to 17 per cent a year and contributed to wholesale price inflation of about eight per cent. The credit policy of the RBI during the decade consistently expressed a central banking authority's concern over the growing liquidity and the government's overspending. The measures announced towards curbing liquidity were the usually available tools like enhancing the cash reserve ratio and the statutory liquidity ratio of banks, curtailing their refinancing limits and chan-

...with the factory

nelising the flow of credit to the desired sectors.

After the recommendations made by the Sukhamoy Chakravarty Committee and the Vaghul working group, the RBI took several steps towards toning up the working of the monetary system. Broadbasing of the money market with many more institutional players and new money market instruments, such as interbank participation, 182-day treasury bills certificates of deposits and the commercial paper were the major reforms introduced by the RBI in this area.

Interest rate recast

The interest rate structure for advances and deposits was also recast so as to increasingly reflect the real market situation. The replacement of the credit authorisation scheme with a new credit monitoring arrangement exhibited the RBI's loosening of the control over banks' advances portfolio and also its confidence in their professional scrutiny of the advance proposals. The credit policy during the decade while taking some bold steps in the direction of broadbasing the country's monetary system, remained quite unimaginative on the front of controlling liquidity which was largely due to the government's mindless overspendings.

Over the decade, balance of payments on the external account posed a source of concern. After the hike in oil prices in 1980, India was forced to turn to the International Monetary Fund for assistance to finance its current account deficit. By 1984-85, because of an improvement in the balance of payments situation, India chose not to use any more resources from the Fund.

Export promotion was pursued vigorously through the decade. A combination of methods including the use of subsidies and de facto devaluation of the rupee against foreign currencies was utilised.

Despite these attempts there has been a deterioration in India's current account balance since 1985-86. The current account deficit which averaged Rs.2,500 crore between 1982-83 and 1984-85, went up to Rs.6,000 crore subsequently.

This was because, in spite of rapid growth in exports in the second part of the decade, in absolute terms imports remained larger than exports. Net invisible payments, largely remittances, which had neutralised the trade imbalance in the early part of the decade did not grow in the latter half. Also, over the decade indigenous petroleum production could not keep pace with growing demand.

That is the only direction for exports to take: up and away

Forex reserves

The outgoing government has claimed that in 1989-90, the trend indicates that exports have surged by 35 per cent to 40 per cent over the previous year. But curiously, foreign exchange reserves have declined sharply also.

Over the decade India was forced to resort increasingly to commercial borrowings which went up from 10 per cent in 1981 to 25 per cent of India's total borrowings by March 1989. Interest costs went up as a result.

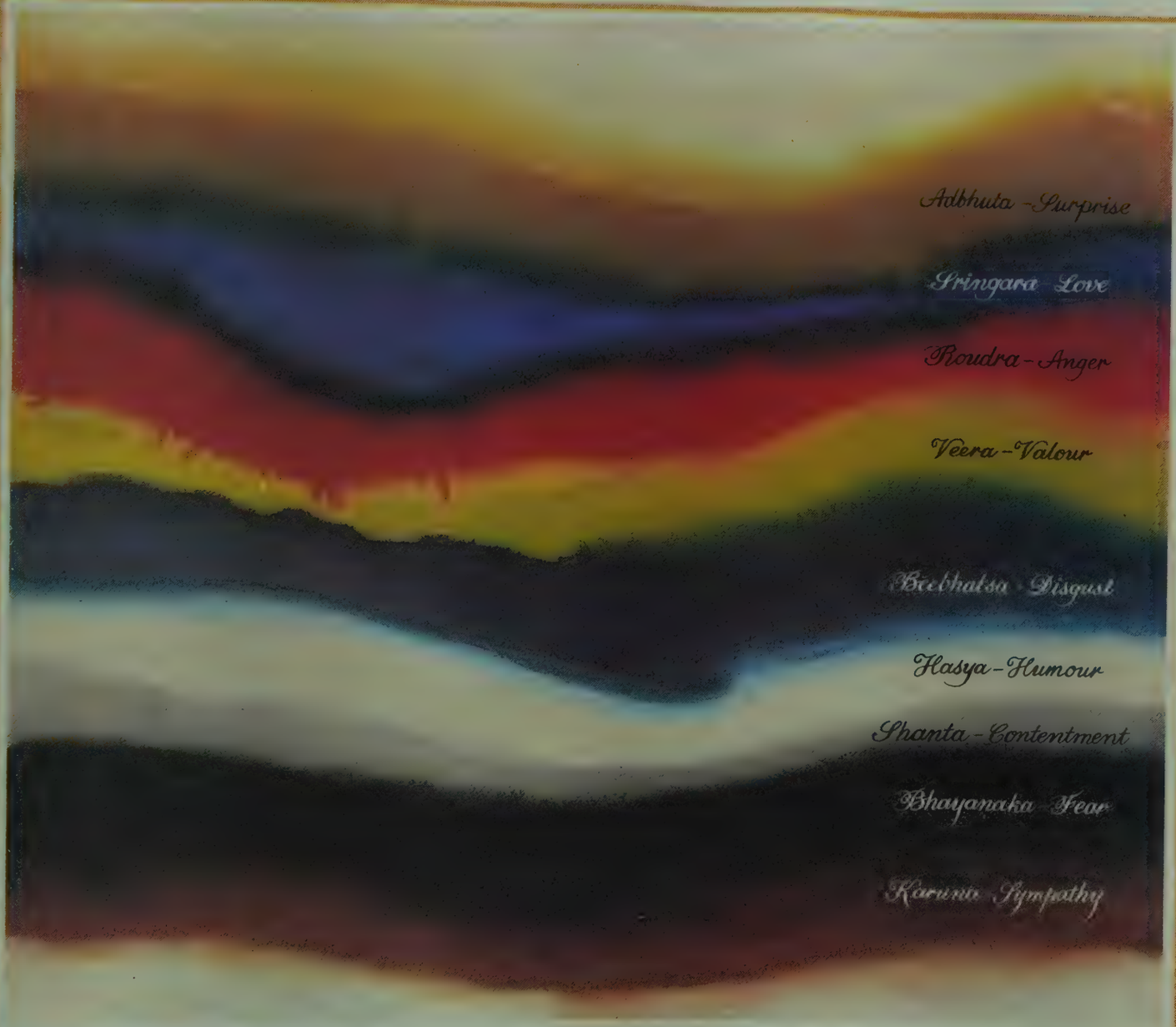
By the end of the decade there was a clear acknowledgement by the government that a long term resolution of the balance of payments problem would require a curbing of the budgetary deficit. As the official Economic Survey (1988-89) put it, "Though it is often not appreciated, it must be recognised that high levels of fiscal deficits tend to spill over and contribute to high current account deficits in the balance of payments. An improvement in the current account balance of payments requires a commensurate reduction in the overall savings — investment gap."

The economy has shown definite signs of maturity over the decade. The increase in the growth rate of GNP and the index of industrial production are indications of this fact. But there are disturbing signs. Growing budgetary deficits and the balance of payment problems could lead to a substantial undoing of the progress already made.

■

EAPEN THOMAS

Colour symbolism studies in India date back to Vedic times. What the great rishis discovered then about the physiological and psychological effects of colour on human beings is today borne out by scientific experiments.



Colour and India – 4 Research & Design: Manu Desai

Navrasas express their emotional colours

Navrasas:
the nine moods or essences or flavours.
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Shanta – Contentment – is moon white
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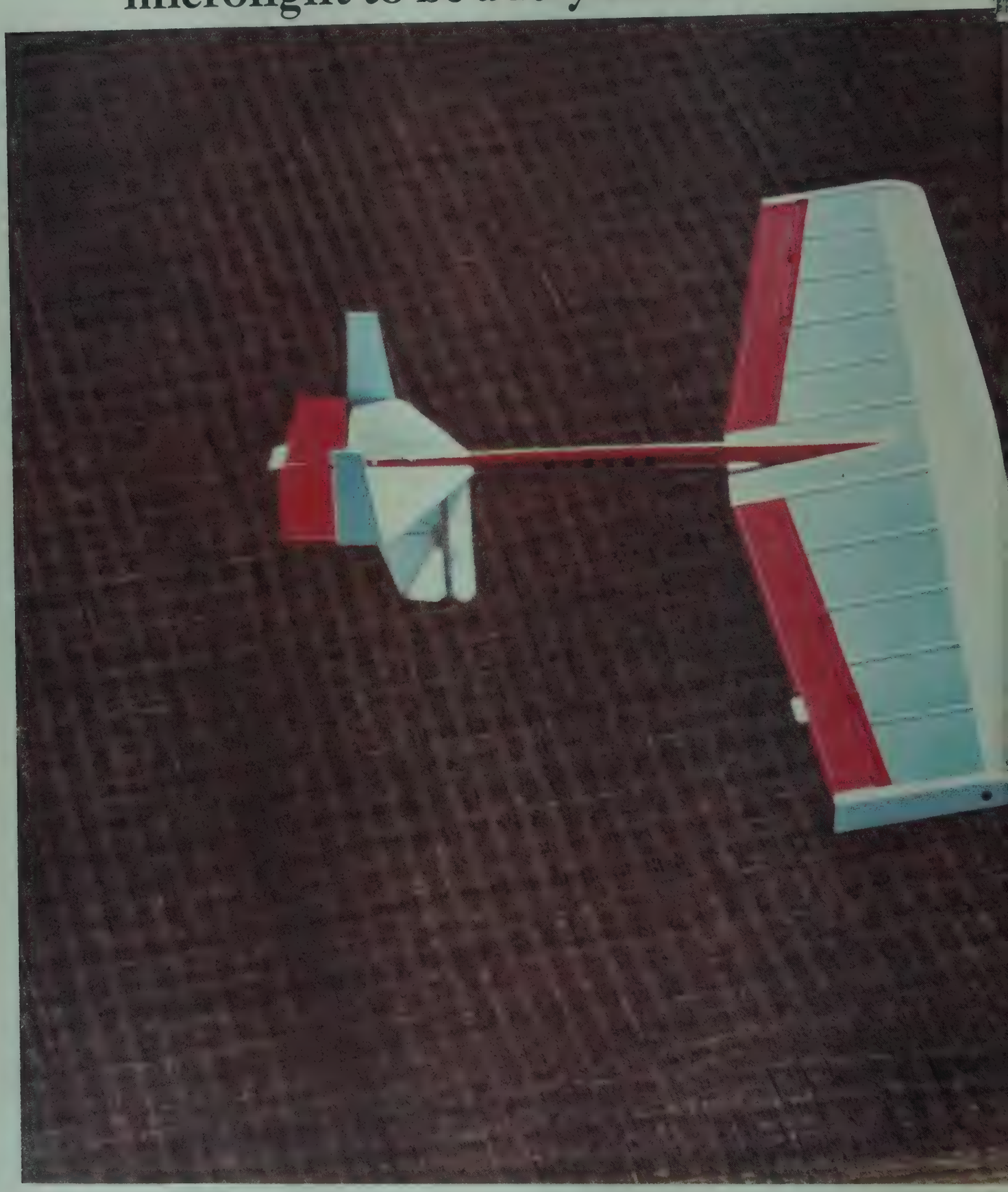

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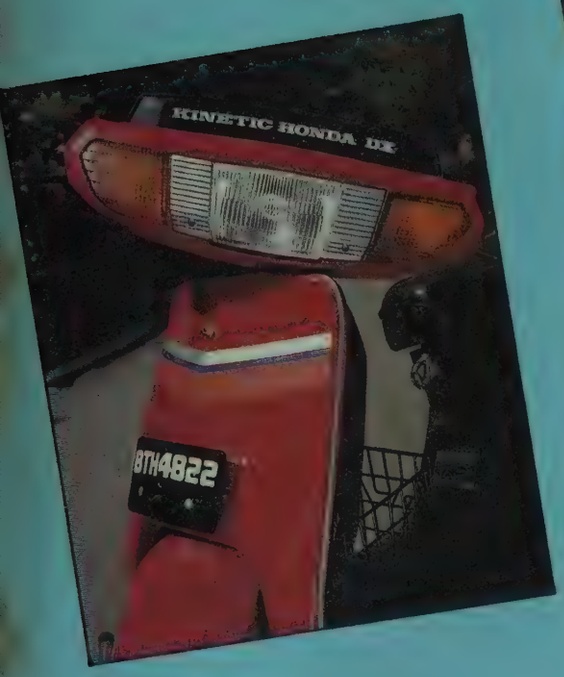

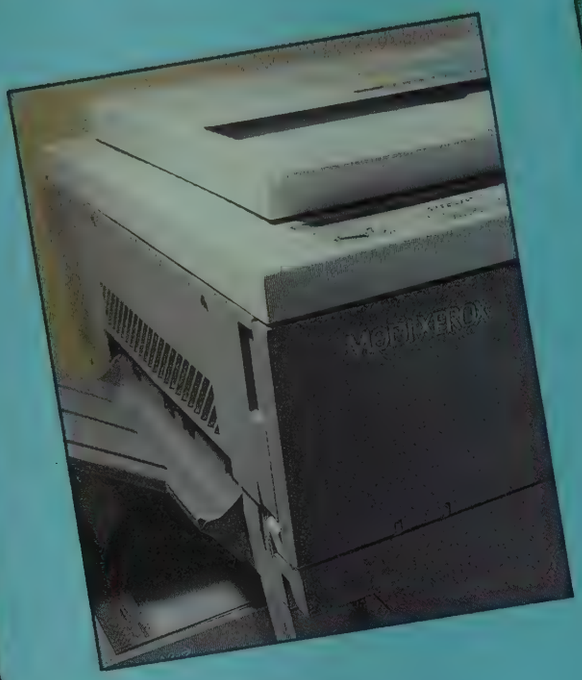

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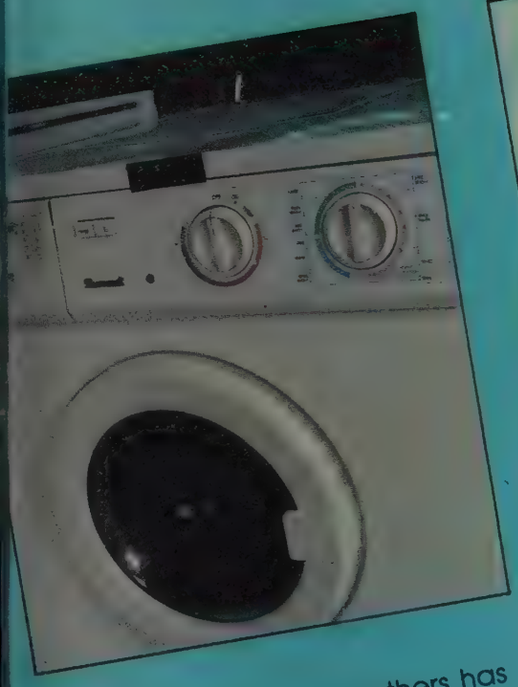

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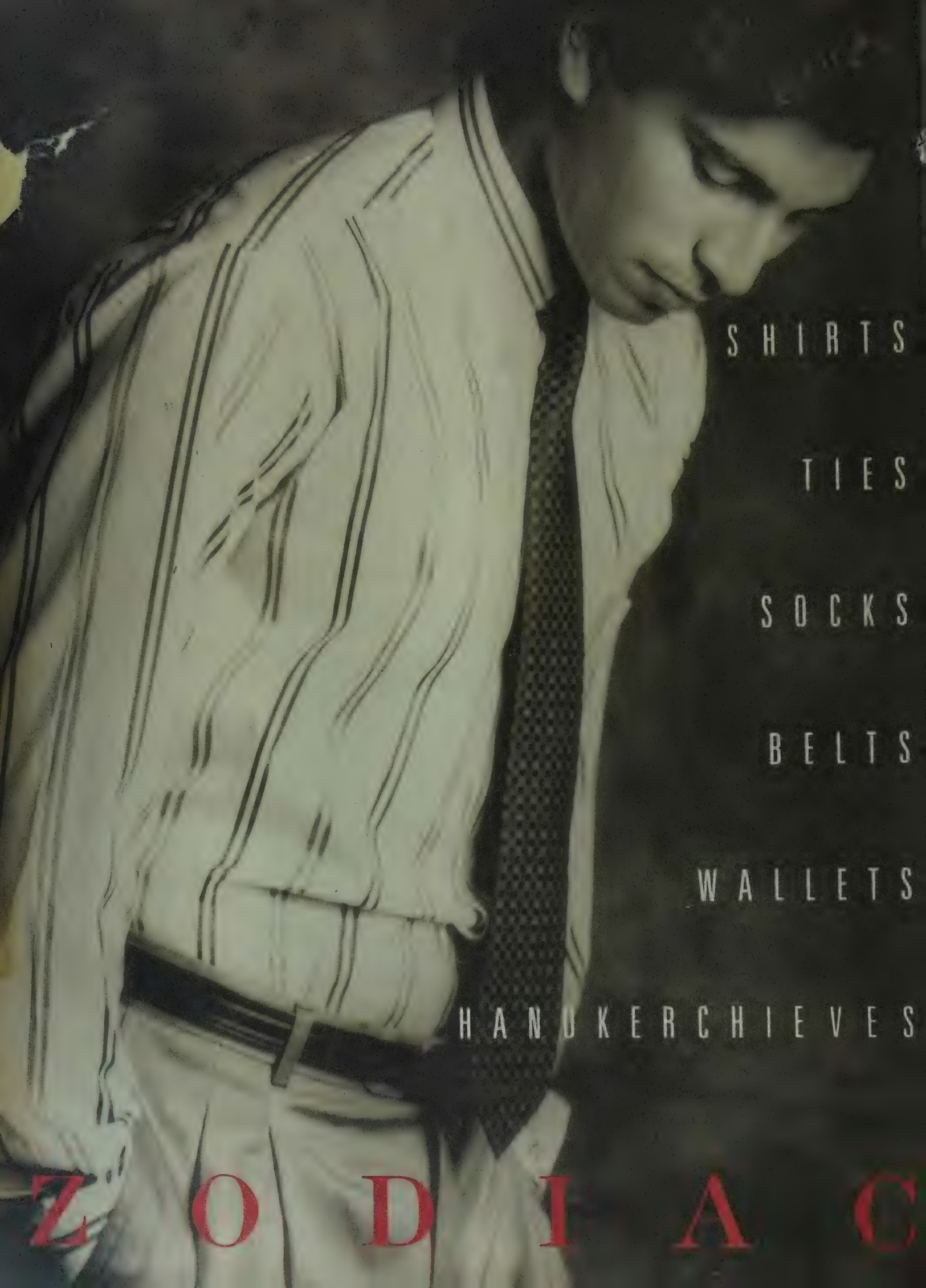
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THE CORPORATE SECTOR

An incomplete revolution

The past decade has witnessed such sweeping changes on the private corporate scene that many observers have found it tempting to label their collective impact as revolutionary. Yet, this "revolution" is far from complete and the real challenges lie ahead in the next decade.

By any quantitative yardstick, the private corporate sector has grown considerably during the eighties. The number of companies, sales, market capitalisation, capital formation, the size of public issues, all show a manifold rise. More significantly, for the first time since the early fifties, the share of the private sector in total investment outlays expanded considerably during the Seventh Plan. And given the poor resource generation of the public sector and the severe crunch on government finances, this reversal in favour of private investment is likely to gain momentum in the years ahead.

But numbers alone cannot tell the whole story of growth and change. Everyone in business today agrees that the hallmark of the eighties was the qualitative change in business psychology brought about by liberalisation of controls. Ever since 1951, when the Industrial Development and Regulation (ID&R) Act was put in place, the corporate sector has functioned in an extremely restrictive environment.

Virtually every facet of business operation — what, where, and how much to produce, the selling price, who should the collaborator be, what and how much to import or export — became subject to one government approval or the other. Despite the extreme rigidity of such a comprehensive regulatory framework and the incredible red tapism it involves, the corporate sector still grew significantly, proving once again the Latin American joke that the economy grows at night while the government is sleeping!

A face associated with abiding industrial empires

During the seventies, it became clear to policy makers that overregulation was proving counter-productive. Many senior government officials and economists began to realise that by restricting productive activity in the organised corporate sector rather than promoting it, the country was in effect following an anti-industrial development policy. The concomitant failure of the import substitution strategy, particularly of the public sector, not only drove the point further home but also left few other choices.

Liberalisation

Thus began the so called liberalisation process in the seventies which gained critical mass in the eighties. But still, it is largely restricted to relaxation of price and quantity controls and not of the basic structure of the ID Act. Thus, the exclusive preserves of the public sector are by and large intact and the potentially most productive core of organised business, the MRTP and FERA companies, have been largely kept out of the formal liberalisation process, except the favoured few.

Yet, even this partial and somewhat halting relaxation, has done wonders.

Top 10 companies

(Rs. crore)

1978-79				1988-89			
Rank	Name of the Co.	Year end	Sales incl. excise	Rank	Name of the Co.	Year end	Sales incl. excise
1	ITC	Mar. 79	420.0	1	Tisco	Mar. 89	1,837.2
2	Tisco	—	387.5	2	Reliance	June 88	1,772.7
3	Telco	—	386.9	3	Telco	Mar 89	1,704.5
4	Hind. Lever	Dec. 78	301.2	4	ITC	Mar 89	1,059.0
5	DCM	June 78	232.1	5	Hind. Lever	Dec. 88	1,001.8
6	Gwalior Rayon	Mar. 78	207.3	6	ACC	July 88	836.9
7	Dunlop	Dec. 78	191.9	7	Grasim	Mar 88	676.1
8	Voltas	Aug. 78	191.4	8	JK Synthetics	Mar. 88	652.8
9	ACC	May 78	190.1	9	Bajaj Auto	Mar. 89	604.4
10	Brooke Bond	July 78	180.6	10	DCM	June 88	617.5

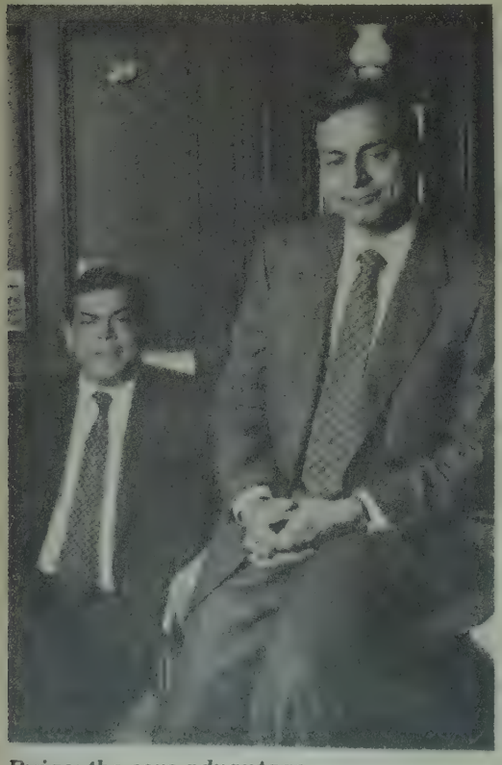
Note: Sales inclusive of excise duty & capitalised expenses.

The breed is rising: Dhirubhai and Mukesh Ambani

Manu Chhabria the predator

Businessmen no longer consider the licence as a passport to profits, which is what they did earlier when these were hard to come by and the few licencees in each business could neatly carve up markets among themselves. Easier availability of licences has led to many more players (including many upstarts who managed to overturn many "established" firms) in a number of industries, each trying to outbid the other. So much so that for the first time, Indian business has seriously begun to think about cost, quality and market share.

While freer licensing and greater emphasis on technology and scale of operations made supply more responsive (particularly in the consumer industries), the runaway rise in government expenditure (especially of the non-plan variety) led to a massive rise in the purchasing power of the middle classes. The two combined to create a consumer boom of a kind that was never seen before. This served as a major stimulus to the corporate sector's growth during the decade.



Ruias: the core advantage

Severe deficits

However, the boom has now resulted in severe budget and trade deficits and inflation, and it is doubtful if it can be sustained any longer by such pump priming. This means that if the corporate expansion of the last decade has to be sustained, companies will have to find innovative ways of expanding markets by reducing costs and adding more value.

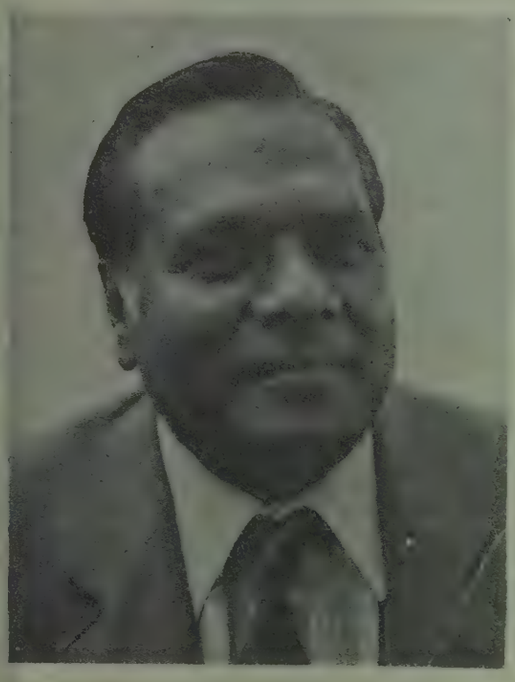
Corporate performance during the eighties shows that profits are still largely price driven rather than productivity driven. Years of high profits are also those during which product prices are substantially hiked. Unless this pattern is reversed, the so called success of liberalisation may prove shortlived.

The importance of cost reduction and high productivity in the years to come cannot be overstated. Several boom industries of the eighties quickly came up against demand barriers (TVs, two-wheelers, cement). If these are to be pushed back, costs and hence prices will have to fall in real terms.

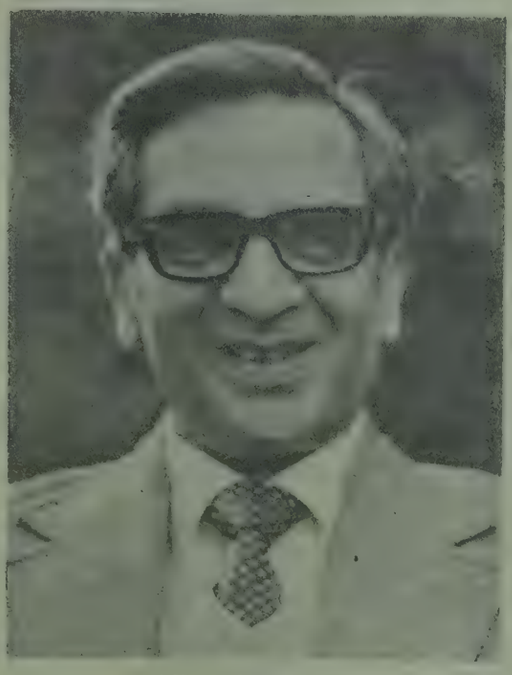
Abhay Oswal: the agro-petro wizard

In fact, this is of the most significant changes of the eighties. For the first time, Indian companies are looking at mass markets and large columns, not just at the consumption needs of a previlaged few. This change in orientation has great potential — it is making large sections of Indian industry market — and hence technology, driven for the first time. This process, if sustained, can have wide ramifications and may soon encompass the basic or core industries.

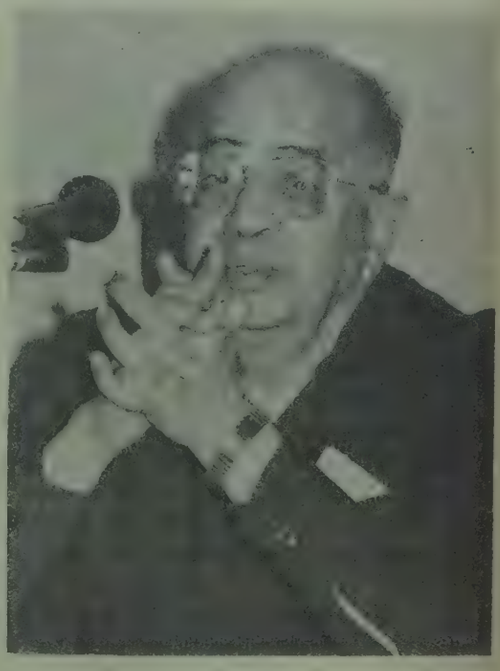
So far, the country has tried to industrialise the other way round — from basic to consumer industries — with disastruous results. Such a process would also



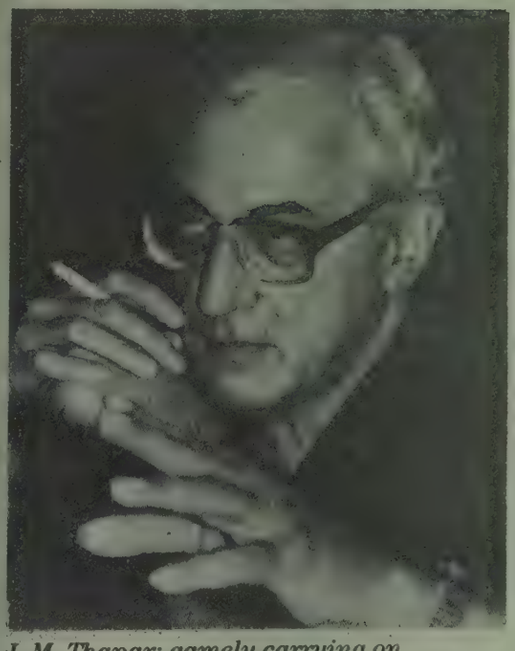
The old guard: K.N. Modi



Bansi Dhar: the split tune



Arvind Mafatlal: textiles to?



L.M. Thapar: gamely carrying on

make exports possible on a significant scale which is a must for future growth. Already export growth has picked up in the latter part of the decade and many large companies are now becoming really serious about exports (of chemicals, tyres, textiles) for the first time.

Tougher stance

One major consequence of greater competition and a larger scale of operations was greater employer "militance" vis-a-vis labour. The number of lockouts increased in the eighties and companies became far more assertive than in the past. Telco, Dunlop, Bajaj Auto, Hindustan Lever, Bata, have become symbols of this tough stance. Today, companies find it much harder to liberally accede to higher wage demands since it has become more difficult to pass these on to consumers than it was in the past.

Another major change that has accompanied corporate growth in the eighties is the explosive expansion of the stockmarkets. Today, direct resource mobilisation by the corporate sector has become the norm, rather than the exception. Not only has the total volume of funds raised increased manifold, but also the size of individual issues. During the last year or so, around Rs.8,000 crore are expected to have been raised from the stockmarkets, about half of this from a handful of "mega issues".

This is reducing the dependence of the corporate sector on institutions and banks, which is necessary, given the resource constraint. Also, direct tapping of funds from the public has given a lot more operational freedom to companies. Perhaps, no other single person has contributed as much to the spread of the equity cult as Dhirubhai Ambani of Reliance who perfected this funding strategy into a fine art.

But these positive developments were also accompanied by some disturbing trends. A large body of investors (which expanded to around 10 million persons by the end of the decade) was exposed to much greater risk than ever before. This was bound to happen, since the archaic rules and regulations governing stock exchange operations did not change — everyone who mattered was too preoccupied with milking the market boom.

Hundreds of small companies with no track record, mainly in the leasing and finance business, which managed to get listings on the country's premier Bombay Stock Exchange during 1985-86, have virtually disappeared leaving investors with worthless paper. Similarly, price rigging before a public issue by the company managements, delays in listing and allotment of new shares — in order to keep floating stocks low and prices high — and a complete lack of accountability to the public as to how the funds raised are deployed, has shown many companies, including some big names, in poor light.

Diverted funds

There is today a lot of evidence to show that large sums of money have been diverted to other purposes such as takeovers, funding of cost-overruns on older projects, and meeting current liquidity requirements, all under the facade of setting up new projects.

While in the earlier part of the decade debt financing by non-convertible debentures (NCDs) was more popular, in the latter years, pure equity financing by fully convertible debentures (CDs, pioneered on a large scale by the Ambanis of Reliance) came into vogue.

By the mid-eighties large segments of the corporate sector were reeling under a heavy debt burden. The high interest cost left companies vulnerable to downturns in the business cycle. In fact, many large companies saw their profits virtually disappear during a couple of years of demand

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Careers Fairs is a new concept to the Indian market. Similar fairs overseas have been tremendously successful.

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Careers Fair will provide the ideal setting for image building, with an exclusive emphasis on recruitment of executive, managerial and technical personnel. At **Careers Fair** companies will have an opportunity to place their manpower strengths and requirements on display.

Careers Fair will allow visitors to receive information on the company, its lines of business and growth plans and to understand methods of selection and prospects if selected.

Leading companies, from both the private and public sector, as also new companies and family owned enterprises, will participate at **Careers Fair.**

Visitors at **Careers Fair** will include a cross section of job-seekers such as newly qualified MBA's, chartered accountants, engineers, computer specialists, as well as junior and middle level executives who may be seeking better prospects. A large number of students of management, engineering, computer science and other specialised subjects will also attend.

Careers Fair is not intended to provide a forum for interviews and jobs are not expected to be on offer.

Venue : Hotel President, Bombay
Dates : 14-16 December, 1989
Time : 14 December 1989, 4 p.m. to 8 p.m.
15 & 16 December 1989, 10 a.m. to 8 p.m.

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SPEAKERS/SESSIONS

Mr. Gurcharan Das, President, Procter & Gamble (I) Ltd.	Retention and motivation of staff
Mr. Shiv Nadar, Chairman, HCL Ltd.	Opportunities and expectations in the sunrise industry
Mr. Jaithirth (Jerry) Rao, Country Executive Officer, Citibank N.A.	Indians in a multinational environment
Ms. Anita Ramchandran, Senior Manager, A.F. Ferguson Associates.	Audio visual presentation on career choices of management graduates and graduate engineers

Venue : Crystal Room, Taj Mahal Hotel, Bombay
Date : Wednesday, 13 December, 1989
Time : 9 a.m. to 2 p.m.
Delegate Fee : Rs. 450

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recession (eg, Telco). This led to a preference for greater equity financing. And the high premiums, which well known companies could charge on their equity, made this option all the more attractive.

Not surprisingly, the eighties threw up a new breed of entrepreneurs, uninhibited by convention and ready to seize every opportunity. The liberalisation process certainly helped this new crop of adventurous businessmen, but it is unlikely that they would have got deterred even otherwise. Among the most prominent and high profile groups who stole the thunder were the Ambanis, Ruias and Oswal, all driven by an unstoppable passion to be among the largest business houses of the country.

Not surprisingly, the main corporate objective of these businessmen was massive asset creation, funded by large capital issues. In the process, they generated a lot of heat and friction. So much so that the corporate war between Dhirubhai Ambani and Nusli Wadia (scion of the old house of Wadias) shook the political order of the days.

Messy split

In contrast, many of the older established houses like the Mafatlals, Shrirams, most of the Birla brothers (except the BK and Aditya Birla groups), overcome by complacence, internal bickering and lack of vision, fell by the wayside. The Tatas have grown considerably in terms of sales and assets but mainly through expansion of their conventional business in steel (Tisco) and trucks (Telco). The Modis too have grown in size and diversified, but the messy family split was a major setback.

With all these momentous changes taking place in corporate operations, could mergers and acquisitions be far behind? With the changing rules of the business game, companies began to sell off unprofitable divisions, foreign collaborators either seeked "alliances" with strong Indian partners or decided to sell out completely to Indian businessmen, of both the local as well as the NRI varieties. The Chhabria brothers, who perhaps learnt the ropes under takeover king R.P. Goenka, during their joint bid for Dunlop in 1984, went on a rampage and quickly acquired a business empire with combined sales of over Rs.1,000 crore. The pace of takeovers really picked up during 1988 and climaxed with the takeover of L&T by Reliance, the largest such deal.

While overseas, mergers and acquisitions help keep corporate managements on their toes, in India it is not necessarily so. This is because this activity still does not touch the core of private business — the family owned companies. Takeovers during the eighties were largely restricted to friendly bids for foreign companies (Chloride, Harrison Malayalam, Firestone, Dunlop) and a handful of professionally managed companies (Shaw Wallace, Best & Crompton, L&T). The famous bid by NRI Swraj Paul for Escorts (of Nandas) and DCM (of Shrirams) which finally failed clearly demonstrated the limits of the takeover game.

The major objective of takeovers has thus been to expand family empires or set up new ones quickly and not to turn around companies, strip assets or improve synergies. Since most of the foreign companies with good business potential and a willingness to move out of India have already been bought up, such takeovers are now likely to fizzle out. Instead, there will be a lot more mergers and acquisitions among Indian companies as they restructure operations to remain competitive.

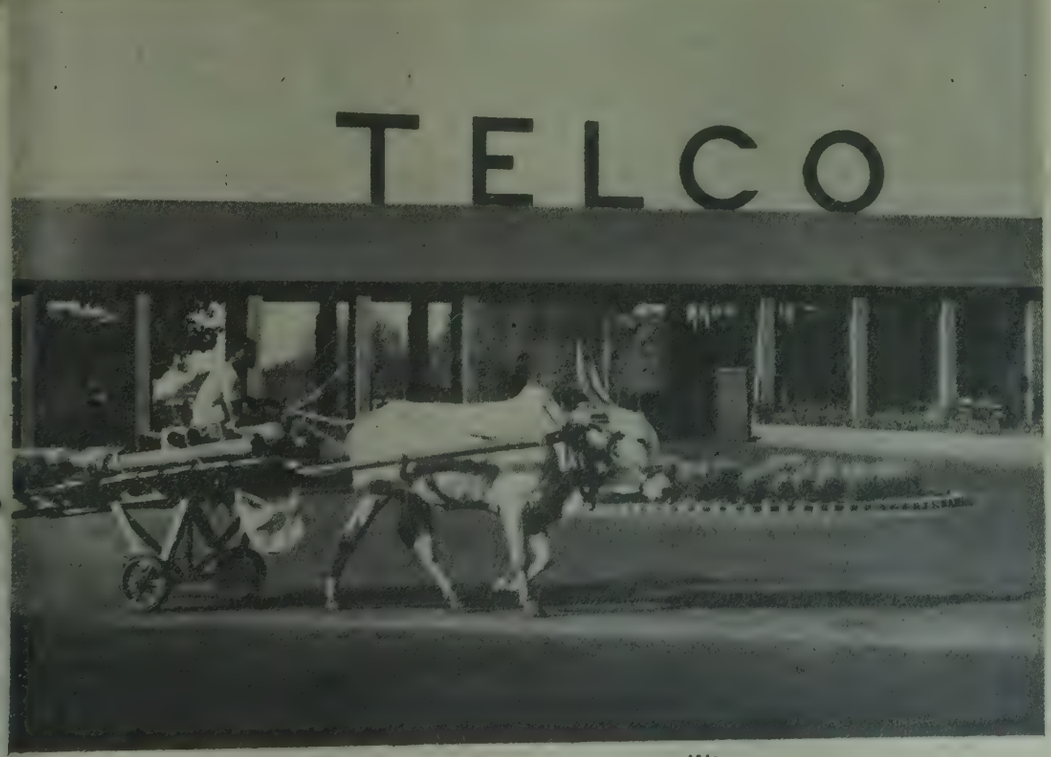
Matters of speculation

The repugnant aspect of the takeover scene is the great secrecy which accompanied such deals. The price at which the deals were struck, the equity stake that is bought and sold remained matters of intense public speculation rather than confirmed facts.

This naturally often led to suspicions of underhand payments both within and

Major takeovers of the eighties

Taken over by	Year	Target company
Tata Tea	1989	Consolidated Coffee
Reliance	1988	L&T
RPG Group	1989	CESC
	1988	Gramophone
	1988	Harrison Malayalam
	1988	ICIM
	1988	Spencers
	1986	Searle
	1984	Dunlop till 89
	1984	Bayer
	1982	Ceat
	1982	UEC International
Chhabria	1984, 89	Dunlop
	1988	Genelec
	1986/87	Shaw Wallace
	1987	Falcon Tyres
	1987	Mather & Platt
	1987	Hindustan Dorr Oliver
	1984	Gardon Woodroffe
V. Mallya	1989	Best & Crompton
	1988	WIE
		Jenson & Nicholson
		Hoechst
		Hindustan Polymers
Mahindras	1989	Allwyn Nissan
Dilip Piramal	1988	Universal Luggage
Abhey Oswal	1988	Rishra Plant, IEL
	1988	Chembur plant, UCIL
Ajay Piramal	1988	Nicholas Labs
S.K. Birla	1987	Chloride India
Hinduja	1987	Ashok Leyland
B.M. Khaitan	1985	Metal Box
Modis	1983	Firestone



Workers' unrest seems to be giving way to management militancy

Top Business houses

(Rs. crore)

1980-81			1987-88		
Rank	**Name**	**Sales**	**Rank**	**Name**	**Sales**
1	Tata	2,390	1	Tata	5,442
2	Birla	2,162	2	Birla	5,122
3	Mafatlal	798	3	Hind. Lever	1,596
4	Hindustan Lever	610	4	J.K. Singhania	1,347
5	Thapar	590	5	Mafatlal	1,234
6	JK Singhania	552	6	Modi	1,199
7	Shriram	531	7	Thapar	1,194
8	Bangur	446	8	Bajaj	1,065
9	Kirloskar	429	9	ITC	1,052
10	Modi	425	10	Reliance	1,007
11	ICI	417	11	Shriram	950
12	Bajaj	318	12	TVS	902
13	Reliance	315	13	ACC	751
14	TVS	309	14	Bangur	687
15	Walchand	285	15	Kirloskar	663
16	ACC	270	16	L&T	658
17	L&T	180	17	ICI	644
18	M A Chidambaram	28	18	UB	588
19	ITC	NA	19	Walchand	563
20	UB	NA	20	M A Chidambaram	414

One of the areas in which competition has made the corporate sector sit up

outside the country. Recent press reports about the L&T deal confirmed the worst suspicions of the manner in which many takeovers are conducted, and the questionable role of the government-owned financial institutions in such transactions. Clearly, there is an urgent need for openness in corporate acquisitions. A pioneering move in this direction was made this year by Darbari Seth of Tata Tea, in his open offer for Consolidated Coffee.

While takeovers largely bypassed the family groups, the latter still underwent a significant restructuring, but by way of family splits. The Birlas, Modis, Shrirams, Bangurs and Pauls underwent major divisions in this manner. This trend was a continuation of events in the seventies (when families like the Goenkas and Mafatlals split up).

New generation

In the process a host of young, new generation business leaders emerged on the corporate scene. (However, this was not only due to family splits. A new generation has also naturally come up to take over the reins of business.)

Most of these young businessmen, inheritors of large corporate empires, have yet to prove their mettle and it is still too early to assess their impact. But what they badly need is professionalisation of their businesses if they are to successfully meet the challenges of the nineties. The key to their success will lie in their ability to attract and retain the best talent in the country.

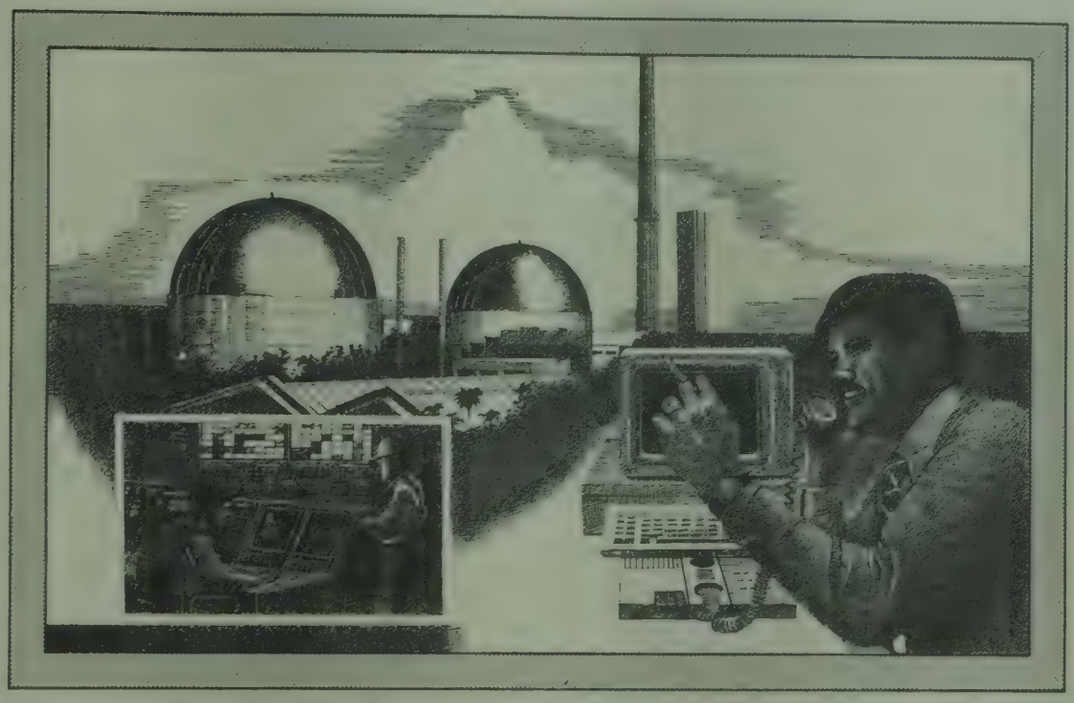
While the professionalisation of management has increased considerably in the last decade, with the greater scale of operations and growing competition, its scope is still largely restricted to operational matters and to the production and marketing functions. Strategic decision-making and the key function of finance is still the prerogative of the "family", even under the younger generation. (Even in Fera companies these are largely the preserves of the foreign collaborators.)

However, if companies have to continuously expand market shares both domestic and foreign, under pressure of competition and large scale of operations, control will get more and more divorced from ownership (as it has overseas), and the powers of the professional managers will keep growing. And the new generation will be forced to come to terms with this sooner than later.

■

MUKARRAM BHAGAT

When the country's leading power corporations wanted to upgrade their communications system, their choice was unanimous.



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ENTREPRENEURS

Masters of their universe

It was the decade when a housewife in Kanpur "borrowed" the formula for a *paan masala* concoction from her landlady and her husband changed the chewing habits of the nation; when a manager quit his well-paying job and floated one of the largest industrial houses in Andhra Pradesh; when a small-time chemist began hawking his brand of home-made washing powder from his bicycle and started giving sleepless nights to multinationals.

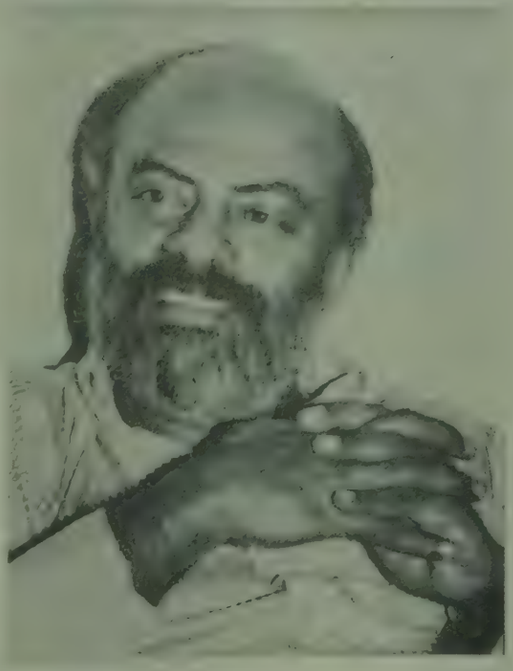
It was the decade of the entrepreneur. The success stories of some of the entrepreneurs, like the Ruia brothers of Essar, Abhey Oswal of the Oswal group, C. Sivasankaran of the Siva PC fame and Hari Shankar Jalan of the Indodan group have been extensively documented and need not be repeated here. There are many others who may not have reached phenomenal heights but whose growth charts, nevertheless, show impressive curves. However, while every care has been taken to cover as wide a range of entrepreneurs as possible in the compilation that follows it is only logical that in a survey of this kind, it is possible for some names to be left out.

In the eighties, being your own boss was the in-thing. A high-paying job abroad or carrying on the family business were no longer infra dig for the ambitious young man (or woman). Instead, they yearned to master their own destinies. Entrepreneurship was their new religion.

Household name

Among its followers was Satya Prakash Mathur, a mechanical engineer at Siemens who noticed that imported plastic mixers could not withstand the stress of Indian cooking. So he started manufacturing and marketing kitchen machines with metallic containers. Today, Sumeet mixers has become a household name. Mathur's company, to start which he had to sell off his car and borrow from friends, has reached sales of more than Rs.50 crore.

Nalini Sharma too ventured into virgin territory. The annual sale of unusual sarees which bear her name and sell for anything between Rs.350 and Rs.1,500 has reached more than Rs.1 crore in under a decade. The same holds true for M.M. Kothari, who sells more than a million pouches of Pan Paraag every day. Kothari's business acumen lay in tapping an ubiquitous but often overlooked outlet to market his products — the humble roadside *paanwala*. Today, with his sales having crossed the Rs.40 crore per annum mark, Kothari's has all the ingredients of a marketing success story.



The face of a resurgence

Mathur, Sharma and Kothari had a unique ability to spot hidden business opportunities — the hallmark of an entrepreneur. Where normal human beings have shrugged in helplessness, these entrepreneurs went ahead, unmindful of setbacks, and charted their own, very personal courses.

Thus, Satish Kaura was only 30 when he became the first Indian to manufacture TV picture tubes in the private sector. Mayur Shah and Kishore Vyas gave up well-paying jobs abroad to start a group of companies in Ahmedabad manufacturing electronic speed control panels, motors and induction furnaces. Similarly, Shiv Nadar, a judge's son, became a multi-millionaire after he set up HCL, one of the most successful Indian computer companies.

Humble beginnings

K. Damodharasami Naidu may not have had as comfortable a background as Nadar but he had a fierce ambition to rise above his humble beginnings. It was exactly this quality that prompted the former *chaiwalla* to set up a chain of six restaurants, two department stores and a 3-star hotel in Coimbatore. The Annapoorna group recently touched the Rs.10 crore turnover mark and Damodharasami is now planning a Rs.8.5-crore project for manufacturing ready-to-eat food items.

K.V.K. Raju was assistant works manager at Union Carbide's Hyderabad plant, but he yearned for more. Much more has come his way: the Nagarjuna group, with interests in steel, packaging, cement and light engineering. Then there is the classic case of Budhichand Maroo, a clerk in a bookshop on Bombay's Pedder Road who rose to own a string of video libraries. Shemaroo has now become synonymous with quality home entertainment.

In 1982, R. Kalyanaraman's Transelektra Pvt Ltd, which manufactured transmission equipment, faced a severe cash crunch. The electrical engineering graduate then looked around for a new product. The rest, as they say, is history. Good Knight electric mosquito repellent, with sales of Rs.13 crore, has grabbed 25 per cent of the market. Dilip Kulkarni tasted repeated failures in a wide variety of businesses till he tied up with Skypak and took his courier business to more than Rs.20 crore turnover per year.

Entrepreneurs have not been afraid to take on older, established business leaders (read that as multinationals). Karsanbhai Patel's Nirma washing powder succeeded beyond anybody's imagination. Now he aims to take his turnover beyond Rs.1,000 crore next year — battling it out with the biggies all the way.

Tenacity and guts

But, not all new entrepreneurs have to struggle as hard these days as the Cadila promoter did in the beginning. For slowly, but surely, a number of venture capital firms are coming up in both, public as well as private sector. These firms should definitely help the already over-burdened entrepreneur in getting a major headache — arranging funds — off his back.

While this cannot be denied, there is also no denying the fact that enterprise, tenacity and guts — qualities that make an entrepreneur — are alive and kicking in modern India. And as long as these qualities are around, entrepreneurs will continue to be born.

■ RAJU BIST

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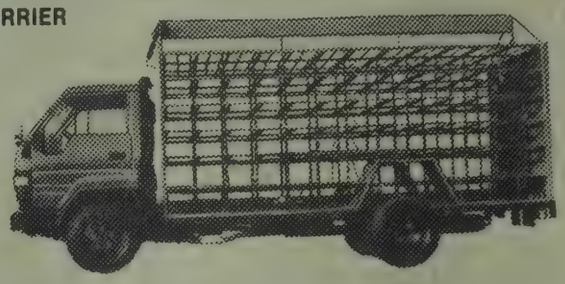

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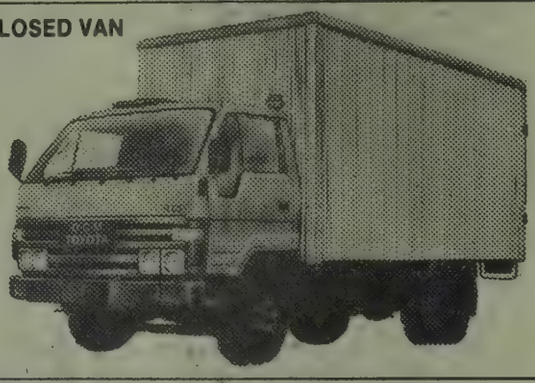

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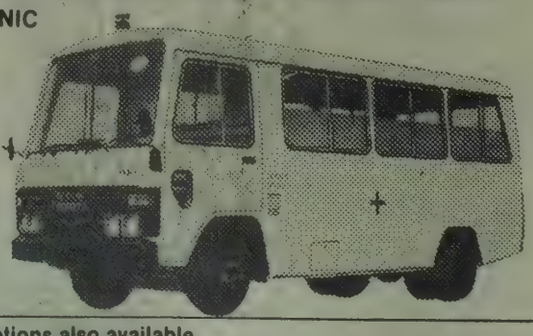

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REGULATION AND LIBERALISATION

The paradoxical needs

Usually, a large increase in the size of the market is associated with economic growth. An example is Hong Kong, where the ratio of market capitalisation to GNP was over 120 per cent in 1988, compared with 60 per cent in 1985. The corresponding figures for India, though far below that of Hong Kong, is at 20 per cent, equal to France's stockmarket and exceeds Italy's (15 per cent).

There has been a steady growth in this ratio in India, from 10 per cent in 1986 to 20 per cent at present (*see Chart 1*). One of the reasons for this growth has been the government's steady encouragement to companies to go public, rather than rely on bank loans. This securitisation of the Indian economy can have and has had its drawbacks in the form of a reduction in accountability. For, it is easier to fool the gullible investors by high pitch sales talk than to fool a few keen bankers who look for pertinent information.

Several companies issued shares to the public in 1985 and 1989 on promises that were vague at best. Their success in issuing new stock relied entirely on a marketing euphoria caused by the stock price of their existing (or, even, unlisted) shares being artificially maintained sufficiently above the new issue price.

Productively used

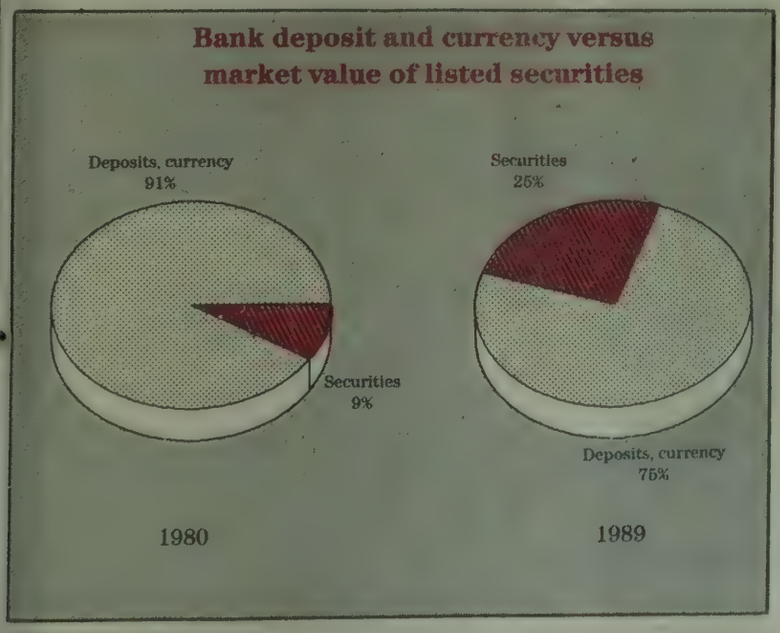
On the other hand, this freedom from the conservative accountability of traditional bankers (with their insistence on rigid debt-equity norms and margins, without considering the growth prospects of projects), helped several companies to forge ahead with innovative plans and projects of international scale. The massive investments in cement, fertiliser and steel made over the past decade by the private sector can be directly linked to the ability of larger companies like Tata Steel and Grasim to raise and productively use funds from the capital market.

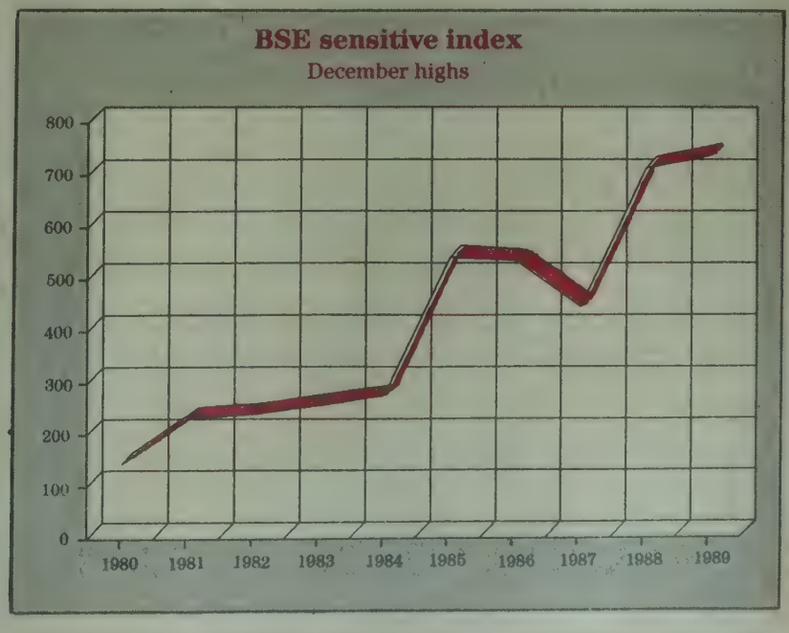
The switch to a securitised economy can be seen even more clearly by comparing the amounts invested in currency and bank deposits to the amounts invested in securities, ie, shares, debentures and units (*see Chart 2*). In 1981, the ratio of the funds of the household sector invested in securities to the sum of currency and bank deposits was 9:91; by 1989, this ratio had risen to 25:75 in favour of investments.

The absolute figures in a growing economy are no less revealing and make the turn of the last decade appear a long time back compared to present-day figures. The number of listed companies is set to cross 7,000 by the end of 1989, as against less than 2,500 in 1980. Market capitalisation (including listed debentures) is now at over Rs.55,000 crore, versus Rs.6,800 crore in 1980. The BSE Sensitive Index has risen sevenfold from its level of 100 in early 1980 (*see Chart 3*). The number of investors has risen from 2 million in 1980 to over 10 million now, while over Rs.10,000 crore has been raised in new issues in 1989, versus Rs.164 crore in 1980 and Rs.1,400 crore in 1985. The average issue size has risen from Rs.4.5 lakh in 1980 to over Rs.3 crore in 1989. Daily trading volume in 1989 is likely to average Rs.180 crore on all stock exchanges combined (with Bombay accounting for about 60 per cent) versus Rs.4 crore in 1980 and Rs.25 crore in 1985.

The Bull rules the ring

However, it is interesting that a 1979 ranking of the top six scrips by turnover might sound reasonable to a 1989 trader: they were Century, Gujarat State Fertiliser, Grasim, ACC, Tisco and Telco (in that order). Three of these, viz, ACC, Tisco and Telco, are still in the list and in the same order though they are now the top three instead of the bottom ones, while Century has slipped to the sixth place. Grasim and GSFC still remain in the top 15 and the





Top six companies in 1979 and 1989

1979	1989
Century	ACC
GSFC	Tisco
Grasim	Telco
ACC	Bombay Dyeing
Tisco	Reliance
Telco	Century

new entrants to the top six list are Bombay Dyeing and Reliance (*see table*).

Necessary environment

How did such a phenomenal growth occur and why? If the government's policy of encouraging firms to go public, in order to tap household savings more efficiently, provided the passive "enabling environment", then its lending policy provided the active "marketing environment". In 1980, commercial banks were so tight for funds that there was a ceiling rate of 19.5 per cent on loans, a rate that was often breached in practice. Meanwhile, private depositors were earning a meagre 8 per cent in one-year fixed deposits with banks, giving the latter a spread of 11.5 per cent between their borrowing and lending costs. This lucrative spread had narrowed to 9.5 per cent by 1985 and further to 6 per cent by 1989.

Of course, this spread is still too high, but that is a different issue. The point is that savers in bank accounts were earning 8 per cent while the inflation rate was 7.2 per cent. Thus, savers were earning a return of 0.8 per cent per annum after adjusting for inflation.

Little wonder then that the offer to invest in corporations whose returns were largely inflation-proof was worth the extra risk that equity entailed over bank deposits. The resultant shift away from bank deposits and currency to securities was also responsible for banks having to offer higher rates to depositors, while the growing reliance of corporations on capital markets put downward pressure on banks' general lending rates. These rates, for the first time since the decade, were subjected to a minimum level of 16 per cent in 1988, rather than to the ceiling rates of yore.

Although the lending policy of the government was the decisive fillip, it was the wave of FERA-related issues of the late seventies and early eighties that gave the secondary market its new burst of life. These affiliates of foreign companies benefited the Indian investors in two ways. First, their access to foreign technology and dominant market shares in the Indian context meant that the cash profits would continue to be high and growing for many more years. (This is still true today, although, unfortunately, the cash-flow benefit over the past ten years has come more from marketing skills than infusions of new technology.) Second, thanks to the strict accountability to their foreign shareholders, who controlled the companies even after their 60 per cent divestment, and thanks also to the need to pay high dividends (so that the foreign owners could get satisfactory returns), the ex-FERA companies faithfully declared all earnings and more.

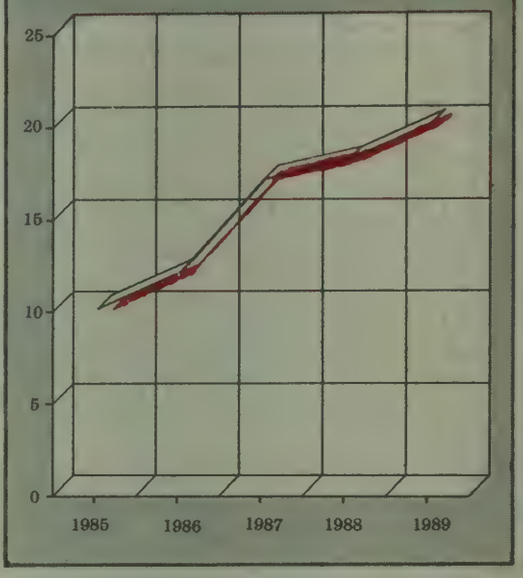
Unlike several indigenous companies which were bogged down under the (only partly justified) unsavoury reputation of cheating shareholders, these companies were not only honest about declaring their performance, but also widely believed to be so. As a result, their shares were actively traded in secondary markets as initial investors booked capital gains that arose from these companies' high earnings, while new investors took their place and waited their turn at the cash till. They were not disappointed: for example, a share in Colgate issued in November 1978 at Rs.25 has grown (via four bonus issues in the ratio of 1:1) to 16 shares priced at Rs.190 each.

Mutual funds

Even mutual funds, which are still relatively new, have emerged as a channel for public participation in the capital market. Relatively safer, since the risk is spread out, mutual funds have also provided professional finance management to the lay investor. However, their overall impact has been limited so far. And, the surprising aspect is that most are quoted below their net asset value — indicating a less than expected rate of return for the investor.

The government has continued to play a role in the development of capital markets via the development of institutional bodies such as the Credit Rating and Information Services of India Limited (CRISIL) for the rating of corporate debt and the Securities and Exchange Board of India (SEBI) for regulating stockmarkets. However, with both these bodies having been set up only in 1988, their impact on the capital markets is still limited.

Market capitalisation of listed securities as a percentage of GNP



It is easy to forget, in the euphoria of the decade's impressive growth, that the last five years of the decade have not witnessed as steady a growth as the first five years. As far back as February 1986, the BSE Sensitive Index was at 664. Thus, in three and a half years, the index has risen a mere 5 per cent.

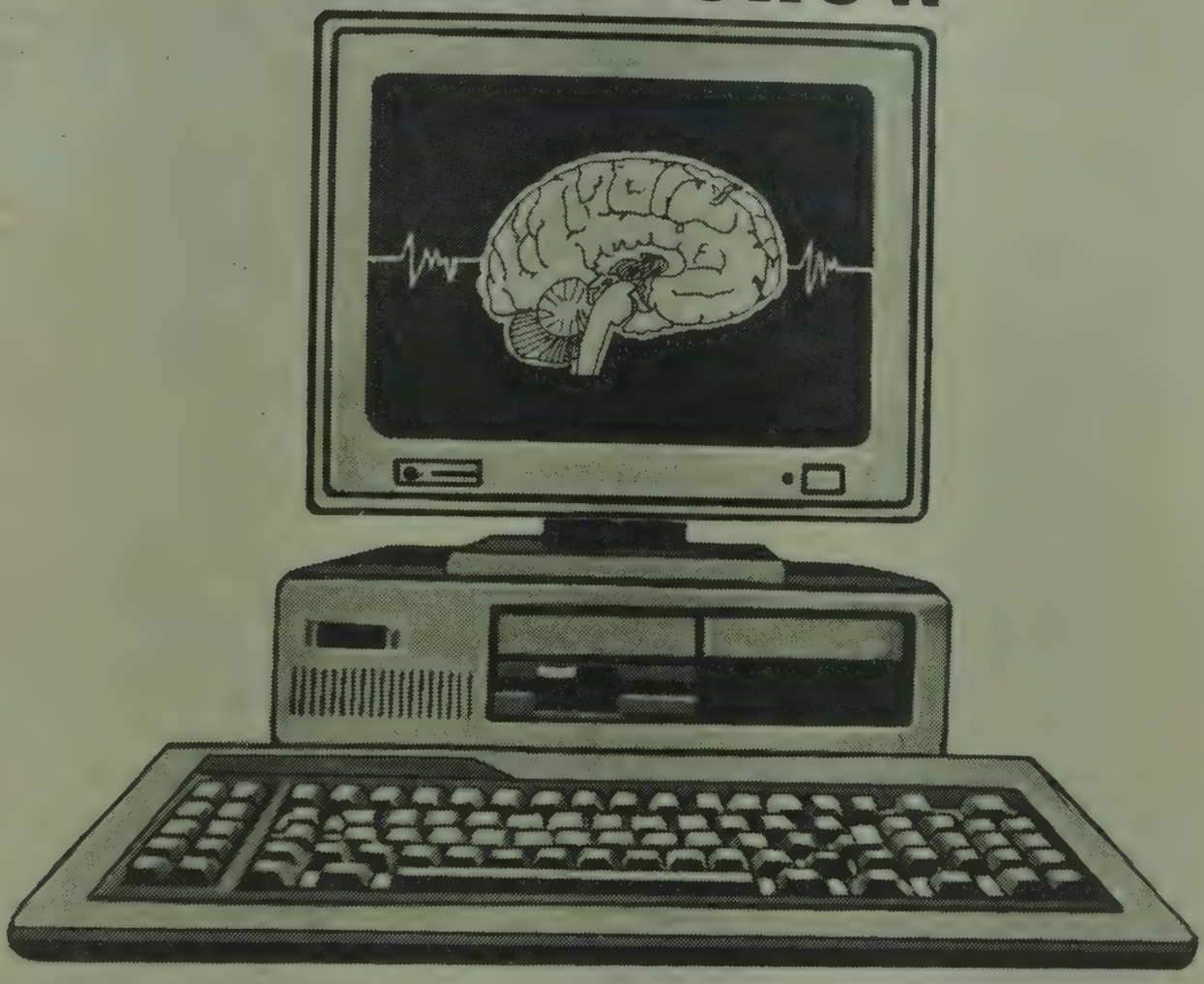
This cannot be explained without looking at the role of Reliance Industries. Reliance Industries, which in 1986 issued Rs.700 crore worth of fully convertible debt and equity, had a market capitalisation (including the market value of its convertible debentures and other debentures) of Rs.3,044 crore at the time of its 'G' series issue. This represented 11 per cent of the total market capitalisation of Rs.27,500 crore at the end of 1986. It has undoubtedly had an overall depressing effect on the market.

The lessons of the decade clearly point to the needs of the future. Continued liberalisation in order to encourage economic growth, and a proper regulatory framework to protect investors' interests, should work hand in hand to ensure continued growth. Without economic liberalisation, companies will not be able to grow at the rate needed to retain investors.

But investors cannot always be well-informed enough about an issue. Regulators and merchant bankers have to pitch in to take care of this flaw. Without such protection, the fall-out of 1985 and the yet-to-appear effect of the largely irresponsible mega issues of 1989 could greatly damage the stockmarkets of the nineties.

■ RAFIQ DOSSANI

Where we lead others follow



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MARKETING AND ADVERTISING

The decade of the dream merchants

The consumer is helpless no more. She/he is hard to please, and very very discriminating. Most manufacturing companies have taken this fact to heart. Because a refusal to acknowledge this harsh reality can spell failure — rejection by the one who holds the purse strings and the key to profits. Therefore, this VIP must be persistently wooed, and won over.

The eighties have witnessed a remarkable upsurge in the game of wooing. No trick in the book has been left out, no possibility left unexplored. The wooing is done by hard-headed professionals trained in the art of adding romance to the sales pitch, to help make the cash register ring. The target: the 150 million middle class Indians with the yen and the ability to pay, for the multitude of gadgets on offer.

Enter marketing

"It is a fact," admits Sylvester da Cunha, chief executive of da Cunha Associates, "You no longer sell a product, you market it." Marketing in the eighties has acquired an all pervasive quality. Pressure cookers, televisions and fast food apart, now even politics, religion and culture is marketed. Remember the *'Mera Bharat Mahan'* ads on TV? "It was patriotism which was being sold here," says the head of a well-known market research firm.

Even the language and the vocabulary has changed, along with attitudes. It is no longer sufficient to produce a toilet soap or a TV set. They must have a unique selling proposition (USP); this could be lime, or 99 channels! As a matter of fact, it is not enough any more to manufacture a product just because one feels there is a market. You have to first identify the target consumer and construct his profile. Sometimes, it takes 24 months to do that. Then again, you can no longer manufacture a 'quality' product and rest in peace. Tom-tomming the quality is equally important. Not surprisingly, *strategies*, *targets*, *USPs*, *counterattacks*, *segmentation*, *profiles*..... are terms which have invaded the corporate sector, with *marketing* leading upfront.

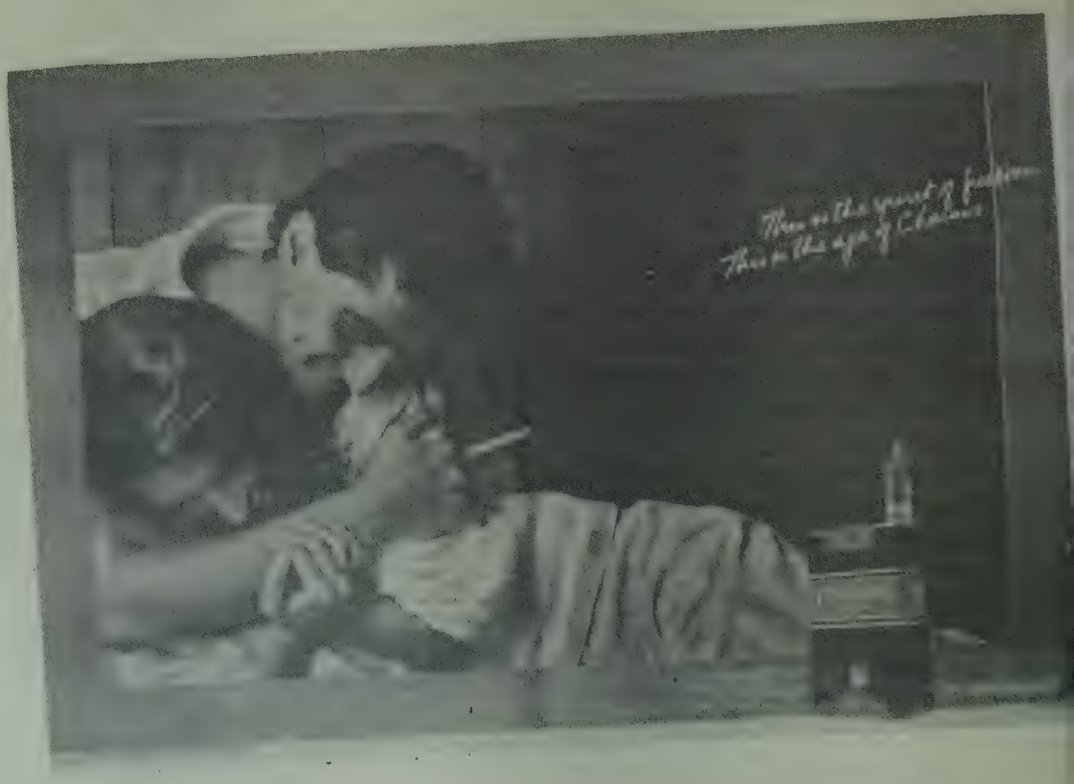
There are other indicators too of the growing importance of marketing in the economy. More chief executives of companies have a marketing background than in the seventies. The marketing professional is usually amongst the highest paid in a company. He is also greatly sought after in the job market. Even a casual glance at the appointment pages of newspapers and magazines show that demand for marketing professionals overshadows that of others. The only rival is probably finance. "This is just the beginning," says a marketing manager of HCL Ltd, one of the more successful marketing companies of the decade. According to him, the role which marketing will play eventually is not even half realised now.

Riding on the coat-tails of marketing is the glamour profession of advertising. "This is so because you cannot market a product without advertising," says Sudhir Lal, chief executive of the new agency, Megacorp. Billings in the industry have jumped fivefold to Rs.1,000 crore plus during the decade. In the near future, the country will also have agencies with billings in excess of Rs.100 crore. The frontrunners are HTA, Lintas and Mudra. The very fact that the Congress (I) spent (wasted?) almost Rs.50 crore on advertising in its recent election campaign is proof of the pivotal role which this tool of marketing has come to play in Indian society. Of course, despite a few obligatory concessions to social responsibility in the form of public service campaigns, advertising in the eighties has boomed almost exclusively because of consumer products.

Pent-up power unleashed

As liberalisation gathered pace and controls were relaxed, Industry unleashed its long pent-up power. All of a sudden, hundreds of products hit the marketplace. Where only one or at the most a few brands had flourished in the seventies, now many times that number competed for the consumer's attention. Hence the inevitable need for marketing and advertising.

If competition necessitated advertising, another factor promoted it. With high growth rates in the industrial and service sectors and a significant reduction in personal tax rates, the consumer had more purchasing power. In urban areas — even now the main target for advertisers — the phenomenon of the working wife added to



The denim generation discovers the heady spirit of freedom

THE FINE ART OF FLYING

by Jenkins.

PUBLICIS

Phenomena Points North, South, East and West by Jenkins. Declaring himself an avid admirer of our style, the american painter, Paul Jenkins dedicated his vibrant work to the pleasure felt when flying on Air France wherever one goes. Which we feel is actually not really a phenomenum but, something you can expect everytime you fly with us.

It's simply a matter of care in the air.

THE FINE ART OF FLYING

AIR FRANCE

6, Scindia House, Janpath, New Delhi 110 001 Phone: 3312853

Maker Chamber VI, First Floor, 220, Nariman Point, Bombay-400 021 Phone: 2024818

graphisads/960

What makes Hitachi a hot name in refrigerators...

Nippon Denro Ispat Introduces To In For Refrige

Indian refrigerator manufacturers have often experienced a freeze in production because of the inavailability of the required gauges, widths, lengths or grades of world-class cold-rolled steel in the country.

They can now play it cool: Nippon Denro Ispat Ltd. offers, for the first time in India, the assurance of quality cold-rolled steel on a regular basis.

Nippon's cold-rolled steel comes in gauges from 0.15 mm to 2.00 mm; widths upto 1250 mm; lenghts between 1000 and 4000 mm, and grades: ordinary, drawing, deep drawing and extra-deep drawing.

The equipment and technology used comes from three Japa experts in the field – Hitachi, Taiyo Steel and Nippon Denro Mfg. Co.

Central Marketing Office: 'GUMAN' 6th Floor, 77 Residency Road, Sadar, Nagpur – 440 001;Phone: 25742, 25750. Telex: 0715-426 NDIL IN. Fax: 0712-331

and how KELVINATOR, GODREJ, ALLWYN & VOLTAS can now play it cool.

Hi-Performance Cold-Rolled Steel for Bodies.

The entire range of cold-rolled steel is available round the year through Nippon Denro Ispat's extensive distribution network.

Which means that, from now on, refrigerator manufacturers in India can be sure of avoiding production freezes.

Just like their renowned Japanese counterparts.

ISPAT

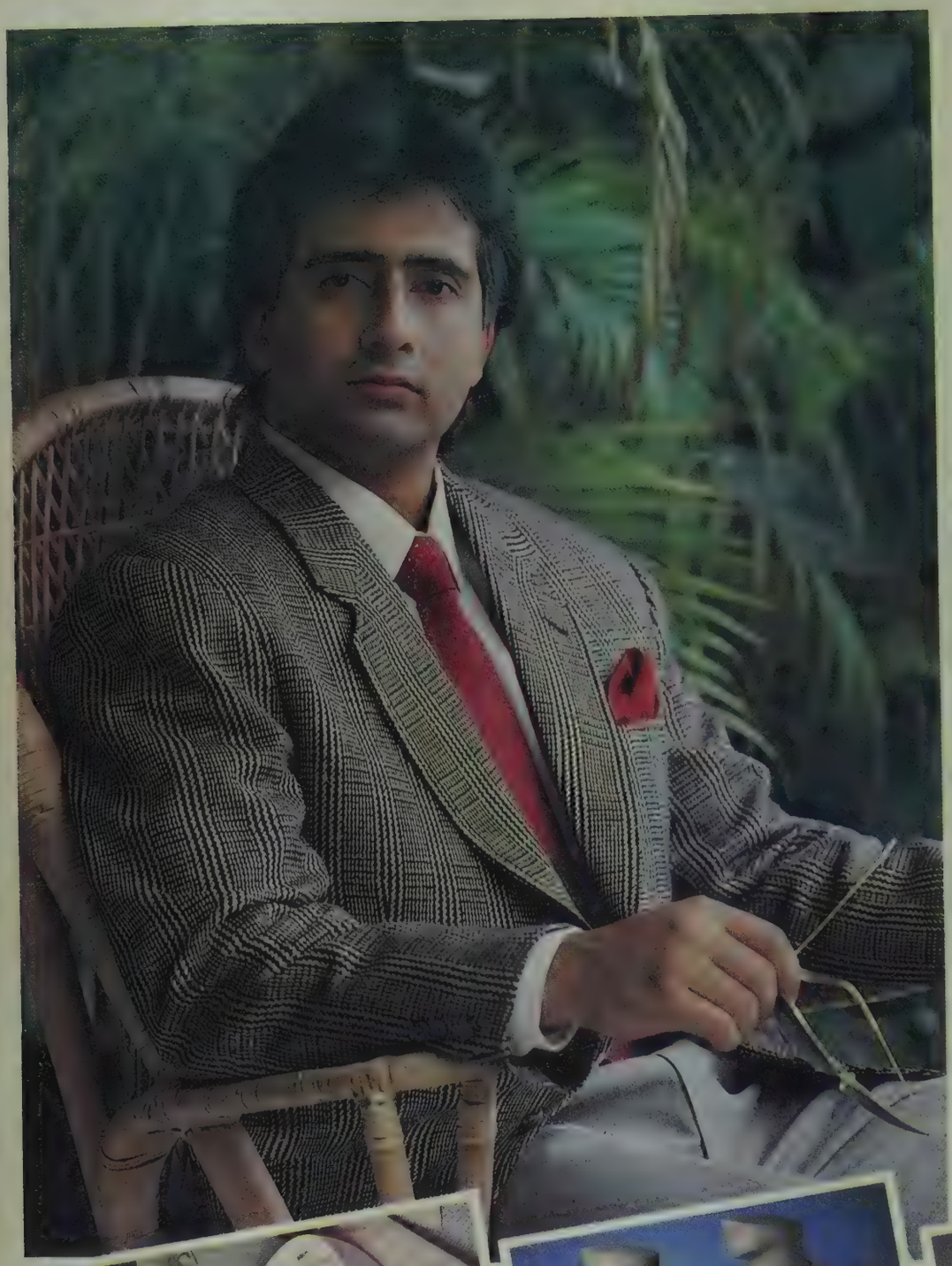
NIPPON DENRO ISPAT LTD.

Park Plaza (Ist Floor), 71, Park Street, Calcutta–700016

THE NEW BREED OF STEEL

'NIPPON'.

Mudra D:NDIL:737



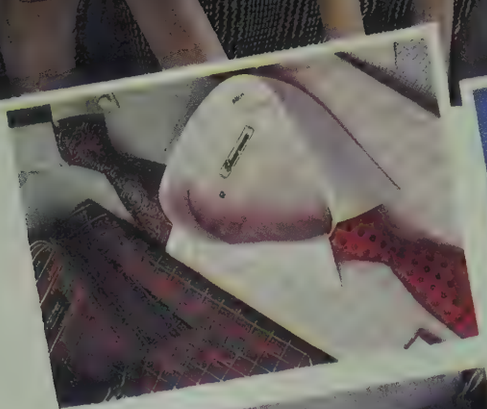
An Invitation to elegance

Sharmas open up the fashion avenue for men only. The all men's store that's got everything a man could ask for.

An exclusive range of suits, jackets, trousers, shirts with fashion accessories to match including ties, belts, socks, cufflinks and handkerchiefs that bear the hallmark of Sharmas.
And a selective range of woollen pullovers, cardigans in exciting shades and designs.

Each garment at Sharmas, reflects the impeccable style of tailoring which makes them stand apart.

At Sharmas fashion never goes out of style.



Sharmas

India's Leading Fashionwear House

S.C. SHARMA & CO. PVT. LTD.
7-D, Connaught Place, New Delhi-110 001
Tel: 3320174, 3322180

graphisads/1060

an already higher purchasing power.

A Clarion study estimates that more than 30 per cent of urban wives work for a living. This fact also fuelled demand for convenience gadgets to make life easier for the working wife. Supply stepped in to fill this demand with an explosion in product launches. Advertising took off. Even the stockmarket boom helped, as financial advertising was used more frequently. This now accounts for more than Rs.75 crore worth of billings — most of it on public equity issue advertisements.

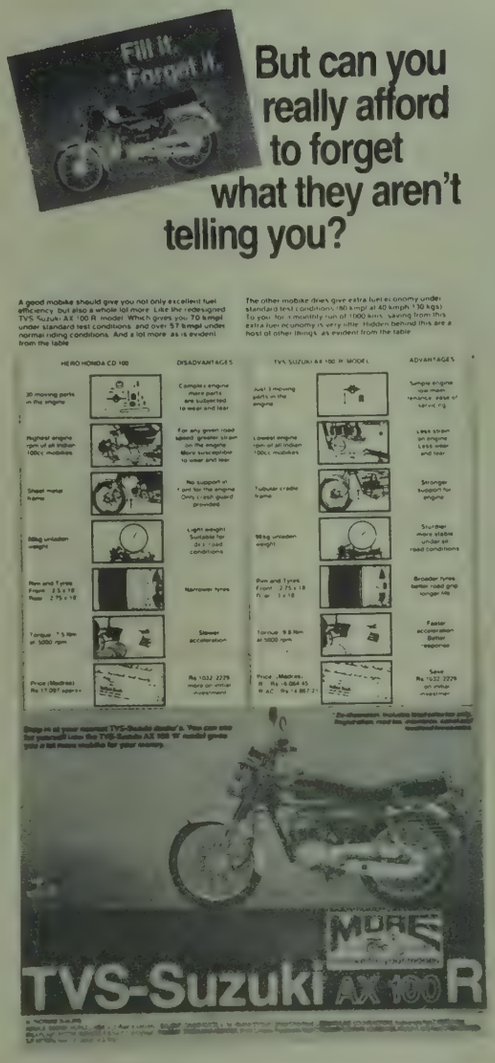
Till the late seventies, this take off could not have taken place because the medium to flash the message was virtually absent. The eighties changed all that. Magazines and newspaper supplements in bright, glossy colours, produced on vastly improved printing technology, flooded the market. After Asiad 1982, the number of colour TV sets increased dramatically, and thus expanded the reach of the advertising medium. Coupled together — glossy print and colour TV — they provided a tremendous fillip to professional advertising.

The ad revolution

In fact, TV can claim to have revolutionised advertising. It accounts for almost 20 per cent of the total expenditure on advertising now; no more than 2 per cent was spent till the late seventies. And if one takes consumer product advertising, TV actually dominates the show. Explains Noshir Desai of Karishma Advertising, "For advertising agencies, the idiot box can well be called the ego-box. Greater the number of commercials made by an agency on the tube, higher its clout in the profession." This is simply because the reach of the soap opera compared to the front page of a daily is awesome — almost half the country's population of 800 million. Even the largest circulated periodical cannot claim a reach of more than 2 million.

It seems clear that marketing in India still relies heavily on advertising. Two other areas where it can boast of some growth are positioning and market research. No doubt, other tools of marketing — direct marketing, franchising, retail chains and sales promotion packages like gifts and raffles — are also used. But their use is still very limited.

The trend is, however, clear even now because almost every major advertising agency is opening subsidiaries to exclusively deal with these other marketing techniques. The TV industry has also honed dealer incentives to a fine art. Standard 2000's trips to Bangkok and huge cash prizes are the trail blazing efforts of which much more will be heard in the nineties.



Forget the bonhomie; it is battle time

One reason why companies will have to shift — at least partially — from traditional advertising to other techniques is the cost factor. Says the marketing manager of a well known consumer products multinational which is one of the top ten advertisers in the country: "The rates charged by Doordarshan are exorbitant, sometimes even extortionate." Advertising rates in the print media have also shot up to an average of 10 times what they were in the early eighties. Inevitably, companies overburdened by spiralling ad budgets are looking for other avenues.

Ruling the roost

For the moment, though, advertising continues to rule the roost. According to admen, the industry has also delivered the goods, by and large. With competition hotting up, even the profile of advertising agencies is changing. No longer is an agency's job over once a campaign is made and approved by the client. They have to be equally involved in selling the production too. The success of the ad campaigns for products such as Charms, Maggi, Rasna, Nirma, Hotshot, Titan and many others is cited as testimony. But then, there have also been disasters such as Great Shake, Big Bite, Montage, Appela, Silver Kings and Aramusk, amongst others.

With successes — and failures — have also come upheavals. One of the most widely observed phenomenon in this profession in the eighties is the multiplication of agencies. Apart from new ones cropping up, senior professionals of large agencies have been quitting regularly and setting up their own agencies, usually with the backing of one large client, to start with. Agencies such as Tara Sinha Associates, Ambience, Goldwire, Enterprise, Rhizic, Madison Avenue and Megacorp are some of the better known examples.

Both the trends — multiplication of agencies and creation of subsidiaries — reflect how ad billings are climbing to dizzier heights. Not surprisingly, the decade has witnessed a rash of what are called "ad wars". The Nirma vs Surf, Colgate vs Promise, HCL vs Modi Xerox, TVS Suzuki vs Hero Honda and Thums Up vs Campa encounters have now become part of marketing legend. Some do not approve of comparative advertising conducted so aggressively, but most agree that it is here to stay.

Market research

Companies are also better equipped now to take on competition. Thanks to market research, they are better informed about the geographical distribution, purchasing power, age and preferences of the consumer. Many also get to know a lot about competitive products. Indeed, if there is any aspect of marketing which vies for equal importance with advertising, it is market research. And according to Tara Sinha, it will play a vital role — as it already has — in positioning, branding and advertising products.

Market research, in many cases, has also obviated unnecessary competition. With more information on consumer preferences, companies have successfully "segmented" markets. If you want a racy bike, go for the Yamaha RX 100; if fuel economy is what you need, then Hero Honda will do, thank you.

Well, welcome to the nineties!

■ SUTANU GURU and SHEKHAR GHOSH

CONSUMERISM

Of colour TVs and washing machines

Hem Mirajkar sits on the settee in her living room, a remote in her hand switching channels on the colour TV set. She has four channels to choose from: two of Doordarshan, one of the cable network that her building on Bombay's fashionable Altamount Road is wired into, and one, of course, of the much loved VCR. The TV came a few years ago and the VCR some months back. But the most recent acquisition that she is particularly proud of is the Rs.14,000 washing machine — the spin and dry variety. Why did she wait so long to buy one? "Well," says a thoughtful Mirajkar, "there are several reasons. It is so very difficult to get a servant these days to wash our clothes and I am too old to sit and scrub. Then there are three people bringing home the bacon now, me, my husband and my son. And most importantly, I can pay back the cost of the washing machine in easy monthly instalments."

Rakha Palit, a housewife in the relatively less fashionable Bombay suburb of Chedda Nagar, has also been on an acquisition spree. An oven, a VCR, and a washing machine, have all come home in the last one year. She's lived for 40 years without these accoutrements of modern day existence, then why this sudden urge to possess them? "To be frank," she explains, "I've been wanting them for a long time. And it is only now that we can afford to buy them. Besides, unlike till about a few years ago, the dealers offer you easy repayment facilities."

Growing prosperity

Welcome, ladies and gentlemen, to the 150 million strong consumer class of the Mirajkars and Palits, heaped collectively under that overused cliche "Indian middle class" and described variously as 'decadent', 'selfish', 'brash', 'dynamic', 'influential', 'entrepreneurial', depending on who you ask. That actually embraces not just the classical middle class, but also almost the entire industrial work force in the country. Left oriented politicians call it a class that is preoccupied with conspicious consumption. But in reality it includes almost any small family with a monthly income upwards of Rs.1,500.

The gradually rising prosperity of these families has brought within their reach consumer goods that were considered luxuries till some time back. A black and white TV for example was meant only for the rich till about ten years ago, but is well within the affordable limits of most industrial workers in the organised sector today. Says R. Narasimhan, general manager of ORG, the Baroda based market research outfit, "Many things that were considered luxuries till about ten years ago have become a basic necessity for most people today."

Consumerism is thus the most visible manifestation of the prosperity that has come to a vast portion of urban India in the eighties, and its rise has had far-reaching consequences on the economy. Says I.Z. Bhatty, director general of the National Council for Applied Economic Research, which has been monitoring consumer spending for a long time, "Consumerism is not growth of consumption in consumer goods but a mechanism for improving the rate of growth of the economy."

"The rise of the consumer class was an inevitable consequence of the development over the last four decades," says Dr D.T. Lakdawalla, former deputy chairman of Planning Commission and presently honorary director of the Centre for Monitoring the Indian Economy, "though the rise of consumption itself is essentially a phenomenon." India's development pattern in the first 30 years after Independence, as is well known, discouraged the manufacture of consumer goods. The intention was to restrict public spending and encourage savings so that the money could be used for developing core industries.

Rising wages

The policy no doubt was a successful one with India enjoying one of the highest rate of savings in the world right into the eighties. But as years progressed, Lakdawalla explains, a highly demanding trade union movement and also through the government's own efforts, workers in the organised sector found their standard of living going up steadily. Between 1960 and 1985 the wages in the manufacturing sector went up by nearly 10 per cent each year, in the railways by 8.1 per cent, and the banks by 9.5 per cent.

Simultaneously, the green revolution of the sixties improved the lot of farmers in vast areas of Punjab, Haryana and Western Uttar Pradesh. And around the early sev-

The many channels of prosperity for the urban middle class

WHEN DO YOU WISH YOUR COURIER WAS DHL?

WHEN

YOU HAVE TO FACE

THE CHAIRMAN

BECAUSE

YOUR BIGGEST CLIENT

JUST WENT TO ANOTHER BANK

BECAUSE

YOUR CLIENT JUST LOST

HIS CLIENT

BECAUSE

THE LETTER OF CREDIT

ARRIVED 2 DAYS LATE

BECAUSE

YOUR COURIER WASN'T

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What you don't know about Sesa Seat can fill several Yellow Pages.

Here are just a few things most people probably don't even know about Sesa Seat: For example, this unostentatious not-so-little company is the one that has put together the Official Yellow Pages of Pune, Kanpur, Baroda and Bhopal. And coming up next are the Yellow Pages for Surat, Jabalpur and Gwalior. Not to mention India's first trade directory for businessmen in western India. Sesa Seat uses the world class technology and expertise of Seat of Italy. Which in turn is part of the IRI group, the world's 4th largest company outside the USA. With an impeccable record of deliveries ahead of schedule. And a truly formidable background in first-class type design technology. Not to mention a vast data bank of business and services all over the world. That's what makes Sesa Seat a company you can really do business with.

YELLOW PAGES

SESA SEAT

DIRECTORIES

We're good for your business. We know.

enties, large number of people, particularly from states like Kerala and Goa, began going to the Middle East to work on jobs that paid several times more than they would have earned in India.

The seventies also saw more and more women going out and seeking jobs. Working wives was no more a phenomenon restricted to westernised Parsis or Catholics. A Pathfinder poll in 1984 found that in 1983, 7 per cent of the households in the metros had working housewives. By 1989 this figure had gone up to 13 per cent. Two income households were thus multiplying in numbers every six years or so.

To top it all, came the ascendence of the service industry. Like the trend worldwide, the service industry caught on and became a large employer in India as well. And this created an entire new class of white collar workers — reasonably well paid, ambitious and upwardly mobile.

Slowly and steadily, a sizeable disposable income was being built up through the seventies. But much of the money still went into savings and gold, largely, as it was proved later, because of a lack of goodies to buy.

The advent of Indira Gandhi after her post-emergency stay in wilderness turned things on its head. The government, going along with the winds of change blowing across the world, began to ease control on the manufacture of consumer goods. Taxes were lowered in some areas, price controls lifted in others. Several products were delicenced for manufacture and customs duty was reduced on electronic goods. Import of a large variety of components used by the consumer goods industry was allowed for the first time. Travel abroad was made easier and the foreign exchange allowance was raised from a mere $ 60 to $ 500. With more people travelling overseas, the goods they brought back began having a demonstration effect.

Unsatiable demand

So, while a pent up demand was building up one side, the consumer goods industry got a fresh lease of life on the other. And Indira Gandhi catalysed this action further when she decided to go in for colour TV transmission in 1982 and then drew up a plan to steadily bring the entire country under the TV umbrella in less than ten years. In one month, in late 1982, when customs duty rules were eased to allow colour TVs to be brought into the country, in time for the Asian Games, 60,000 sets clogged the cargo channels of the Bombay airport.

Since then there has been no looking back as far as television went. In the sixties, the total television population in the country was less than 500. In 1980 the figure was 1.1 million. In 1984 it was 3 million and this year, it has crossed the 25 million mark. Despite the fact the colour TV now costs nothing less than Rs.10,000, there are more than 75 manufacturers battling it out in the market to satisfy the seemingly unsatiable demand.

But TV's role as a promoter of consumerism did not end in its own burgeoning numbers. The expanding network of TV transmitters made television the most potent and successful purveyor of the message of conspicuous consumption. Prime time TV transmission now reaches an incredible 180 million viewers and its power as an advertising medium is tremendous. From Maggie noodles to Pan Paraag pan masala, from 100 per cent ice cream to Tortoise mosquito coils, from Nirma to Wheel, from Bajaj Scooters to Mahindra Jeep, all of them owe their expanding sales primarily to television advertising.

A recent study conducted by ORG, as part of their National Readership Survey in the Hindi belt, indicates that while the print media has just about managed to maintain its level of penetration, both radio and cinema has totally lost out to TV as the media that reaches most people. Doordarshan's advertising revenue has shot up from just about Rs.15 crore in 1982 to nearly Rs.150 crore this year. Says Pranesh Misra of Pathfinders, a Lintas subsidiary, "Television, without doubt, has made the single largest contribution to the growth of consumerism in the eighties."

No more guilt

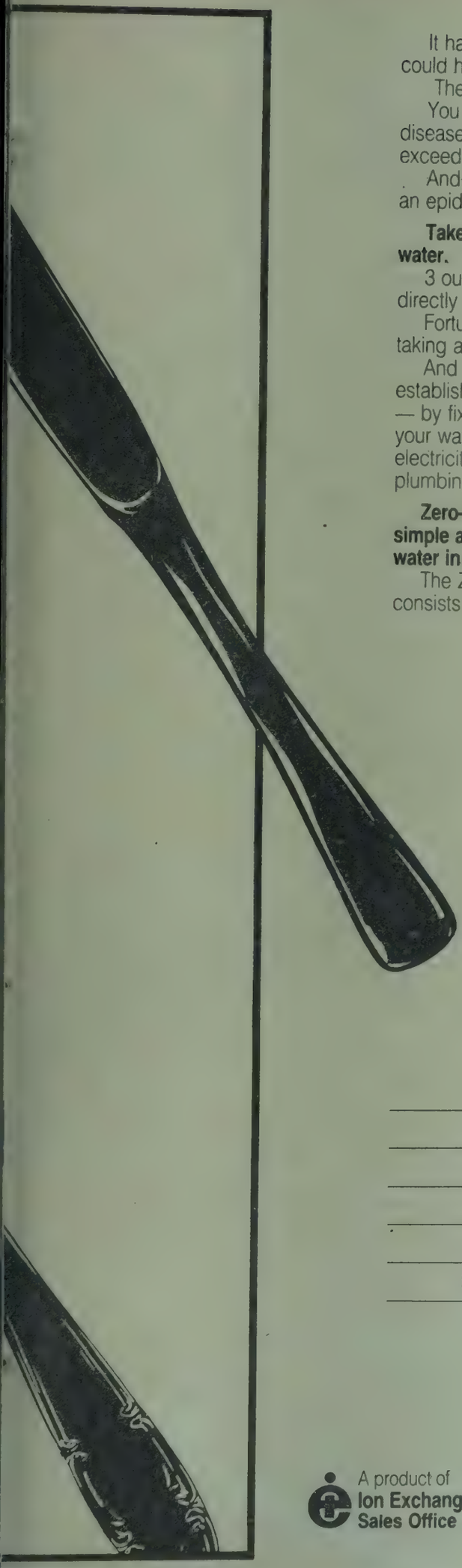
Rajiv Gandhi's appearance on the scene in late 1984 only accelerated changes that his mother had already begun. Several industries were totally decontrolled, the MRTP levels raised, price controls lifted, imports liberalised, foreign collaborations made easier. And more importantly, the new prime minister brought along a modern, urban, yuppie image. Suddenly it seemed as if one didn't have to feel guilty about flaunting his possessions.

Economic activity under Rajiv expanded as never before. The middle class prospered, demand went up and production increased. In the five years starting 1983, car production went up from 45,000 to 160,000 a year. The number of two-wheelers produced annually doubled to 1.6 million in that period. The number of VCRs, according to unofficial estimates, shot up to more than half a million.

A million refrigerators are produced annually now, three times more than that in 1982. And the latest status symbol, the washing machine, is not to be left behind — Indians will buy washing machines worth more than Rs.200 crore this year alone. At a more basic level, the per capita consumption of razor blades went up from 4.8 in 1980 to 7.2 in 1985, per capita con-

Some of the vehicles which launched consumerism in the eighties

YOU DON'T KNOW IT YET,
BUT YOUR CUSTOMERS
WON'T BE COMING BACK
TO YOUR HOTEL AGAIN.



It happens all the time. And it could happen to you.

The culprit? Your drinking water.

You can never tell when disease-causing bacteria could exceed critical levels in water.

And, before you know it, there is an epidemic on your hands.

Take a closer look at your drinking water.

3 out of 4 illnesses can be traced directly to contaminated water.

Fortunately there is a way to avoid taking any chances.

And you can provide all in your establishment with safe drinking water — by fixing one simple attachment to your water supply line. It uses no electricity. Needs no expensive plumbing.

Zero-B Online Water Purifier: The simple attachment which disinfects water in large quantities.

The Zero-B Online innovation consists of a unique purification medium which eliminates all disease-causing bacteria on contact.

Water remains bacteria-free for several hours, if stored properly.

The Zero-B Assurance: Complete safety in every drop of drinking water — every time.

Mere filtration does not kill bacteria.

And boiled water can be recontaminated while cooling.

The Zero-B purifier eliminates both these problems. And you can confidently provide safe drinking water to your entire establishment.

At a price that will come as a pleasant surprise.

To get the Zero-B Online Purifier call:

BOMBAY: 4306329
DELHI: 5410057
CALCUTTA: 432406, 446894
MADRAS: 8253293, 8250897
HYDERABAD: 225748
BANGALORE: 330940

Perfect for Offices, Hotels, Restaurants, Hospitals...

Easy to install — no expensive plumbing.

Needs no electricity.

Water remains safe even when stored for several hours.

Scientifically proven by leading laboratories in India and abroad.

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DRINKING WATER ... INSTANTLY

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Karishma/ION/52/2438 D R

sumption of electric fans went up from 29.5 to 38.1 in the same period, an indication of rising prosperity even at the lower levels.

Better dressed

Consumerism, as has been seen from experience worldwide, is an all pervading pehnomenon, affecting every facet of a practitioner's personality. Thus, there has been a distinct change in the sartorial taste of the consumer class in India in the eighties. The readymade garments industry, which started in the early eighties with sales of export rejects and leftovers, is today worth more than Rs.1,000 crore annually. In Bangalore, the Wear House chain of six showrooms did sales of less than Rs.10,000 every month five years ago; today the figure is in the region of Rs.1 lakh. The Delhi based Intercraft Ltd, which owns the Intershoppe casual wear retail chain, has opened up four new stores in Bombay in the last two years alone.

The investing habits of this class has changed even more dramatically. Gone are the days when the post office savings bank, or fixed deposits in a nationalised bank, were considered the safest form of investment. Even the lure of gold is not as attractive as it used to be; its price has not even kept up with inflation in the last few years. The new fad is the stockmarkets. As against Rs.479 crore raised through the stockmarkets in 1982, India's ever expanding population of investors, now estimated to be 13 million strong, most of them in the urban areas, will invest over Rs.5,000 crore in stocks this year.

Food habits, though hard to change, have also been subjected to the onslaught of consumerism. Fast food, Maggie noodles, TV dinners, packed milk, and branded salt are all phenomena of the eighties. In 1986, Indians drank around 220 million bottles of soft drinks. This year seekers of the good life will down nearly 3,000 million bottles.

But just how many people make up this consumer class. The figures vary dramatically depending on who you are ready to lend your ears or eyes to. *The Economist*, the right wing British weekly which is an ardent chronciler of the Indian middle class's progress, first claimed that its population is bigger than that of Britain and France put together. The journal recently put a figure to it — 125 million. It used a novel way of arriving at it — multiply the number of TV sets in the country — 25 million — by the average number of people in a household, ie, five. Then again, the National Council for Applied Economic Research has used a minimum qualifying salary limit of Rs.1,200 a month. Using this as the base, the council has placed the population in the region of 190 million.

Rising standard of living

However, Lakdawalla of the CMIE would like to use a different methodology. According to him, those who work in the organised sector should be considered a part of this class because, over the years, there has been a steady increase in their standard of living of the total working population of around 240 million, about 12 per cent constitutes the organised sector. Multiplying that by five, would give a figure of about 140 million. This size, by all accounts, is increasing at the rate of 20 million a year and by the end of the century the total figure should be more than 300 million.

Despite the fact that consumerism is just a natural consequence of the gradually rising prosperity of a large section of people, including those who would otherwise be termed as the working class, there still seems to be a great deal of debate on whether it should be encouraged or not. Says Lakdawalla, "Someone, someday, will have to put a break on this consumerism because the people are frittering away precious resources that are needed for development."

Bhatty of NCAER holds the diametrically opposite view that ignoring consumer goods manufacture and allocating resources for capital and intermediate goods production is not a good one. He points out that, so far, there hasn't been a real choice because we did not have the capability or required resources. "Now," Bhatty says, "we are in a better position to produce these goods. Besides, an 8 to 9 per cent growth is not sustainable by the capital and intermediate goods industries. When industrial growth slackened in the seventies, it was a pointer that consumer goods led growth was necessary to perk it up. Consumerism has increased employment and adds to the industrial output and hence to the income."

Dipping into the kitty is the working wife hunting for gadgets

N. RADHAKRISHNAN

Luxury is hard to define, but easy to recognise.

That's the Holiday Inn difference!

When you check into the Holiday Inn, you will discover for yourself the kind of service that has made the Holiday Inn Chain synonymous with hospitality worldwide.

Nobly complemented by the kind of warmth ethnic to the Holiday Inn, Bombay.

A warmth manifested in the kind of friendship that comes straight from the heart.

And backed by an eye for detail that has put the Holiday Inn firmly among the few great 5-star hotels in Bombay.

Virtually everything finds fitting reflection of our thoughtfulness and our overriding obsession with your comfort.

The rooms on the Executive Floor are a case in point.

Splendidly appointed, they ensconce you in quiet luxury while putting everything at your fingertips: from direct-dial international telephone to climate control to whisper-soft service to a choice of video films to secretarial services.

No detail, however small, has been overlooked.

Even monogrammed bathrobes and bedroom slippers have been thoughtfully provided.

Below, an array of exotic restaurants and a bar beckon.

Sip an aperitif at the Pub while you imbibe its Olde English ambience. Then stroll over to the Sampan for a delicious, truly authentic Chinese meal Or if your fancy runs to something Continental, make it a night to remember at Neptune, with a soft jazz band in attendance. However, if you prefer your dinner splendidly grilled, then it's got to be the Bageecha, Bombay's only outdoor barbeque eatery. Later, much later, perhaps you could drop in at the Sidewalk, our 24-hour coffee shop that swings till the wee hours.

In the morning, discover all the other amenities that make the Holiday Inn such a great 5-star hotel: a health club, 2 swimming pools, a tennis court, beauty parlour, barber shop, shopping arcade and banquet hall – even an Executive Centre incorporating every modern facility, from FAX and telex to secretarial services and audio-visual equipment.

The Holiday Inn graces picturesque Juhu Beach, just 15 minutes away from the city's domestic and international airports... and only a short drive away from the industrial zone.

So it's not out of the way. Just a little out of this world.

Holiday Inn* Bombay

As different as you are.

For information and reservation, please contact: BOMBAY: Holiday Inn, Balraj Sahani Marg, Juhu Beach, Bombay 400 049. Tel: 6204444/6202398 Tlx: 011-78411/78404 HOLI IN. Fax: (0091-22) 6204452 • NEW DELHI: Holiday Inn, Connaught Plaza, Tel: 3320101 Tlx: 031-61186 HIND IN. Tel: 3010211 Tlx: 031-65526 CLAR IN • BANGALORE: Tel: 77676/77931 Tlx: 845-8668/2354 MACH IN • CALCUTTA: Tel: 412009 Tlx: 021-5421 • AHMEDABAD: Tel: 448602

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PINSEL. A name that has established itself in the Indian computer market over the last 3 years. And won a special place on the recommendation lists of Original Equipment Manufacturers, as well as in EDP rooms across the country and abroad.

Today, PINSEL is a part of the dynamic FACOR Group. Carrying on the tradition of an uncompromising emphasis on quality that has always set FACOR apart. A tradition that has resulted in new investments, new machines, new people. And a new name that reflects the company's concern: PINSEL PRO. The professional quality diskettes.

TOTAL EFFICIENCY: THE PINSEL PRODUCTION ETHIC

A new consciousness pervades the production floor. Manifested in a powerful air curtain chamber at the entrance that absolutely prevents dust from entering. An automated, hi-tech assembly line. Surgeon-like face masks, aprons and gloves for all the workers. And a rigorous screening system that checks the diskettes over and over again, weeding out anything that's even a fraction less than 100% error-free.

TECHNOLOGY FROM THE WORLD LEADERS

The production facilities have been designed and installed by Sentinel Technologies Inc., USA. World leaders not just in diskettes but in the machines that make diskettes. Naturally, therefore, the machinery and product standards match the best in the world. And combine to create a diskette that meets and goes beyond both American and European standards.

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KALYANI GROUP

Towards globalisation

The tough days appear to be over for this low-profile Pune based industrial group. It is now going for massive expansions, with an eye on vertical integration and exports

It was hardly a typical family burbecue for Baba Kalyani, the low profile Pune-based industrialist. The scene was the lavish green lawn of Baba's house in the outskirts of Pune on a cool November evening. The guests were 16 Japanese executives from Mazda Corporation of Japan, a world leader in automobiles, who were on a buying mission for components from Baba's company — Bharat Forge.

During the party, a senior member of the Japanese team casually complained that the Indian suppliers raise their prices too frequently to the inconvenience of the buyer. Pat came Baba's reply: "I will charge you a fixed price on yen, and that's a deal." He is absolutely sure that the yen will continue to appreciate against the rupee and that will take care of any cost fluctuations.

Baba's reply symbolises the supreme confidence with which he runs his Rs.300-crore group, set up 28 years ago by his father, Neelkanth Kalyani. Started with one company, Bharat Forge, the group has now grown to encompass six companies *(see table)*.

Vertical integration

Baba Kalyani, now in his early forties, is bubbling with ideas and enthusiasm — he puts in 10 hours of work a day and plays tennis for an hour every evening to keep fit. And his plans are to take the group to five times its present size, in as many years. "My aim is to become a one-million-tonnes steel manufacturer and an international supplier of forgings," he says. The thrust of the group now is vertical integration — from sponge iron to finished forgings and simultaneous developement of the export market. "All togeter, we are planning to invest nearly Rs.650 crore in the next three to four years," explains Baba.

No doubt, such plans are not uncommon these days, but for a medium-sized group like the Kalyanis, it is definitely a tall order. And no matter how confident the Kalyanis may be, their track record does give cause for apprehension.

The group had had mixed fortunes.Of the six, the flagship Bharat Forge (sales: Rs.165 crore) and Kalyani Steels (sales: Rs.68 crore) are the two most successful companies in the group. Two others, Kalyani Sharp (sales: Rs.24 crore) and Kalyani Brakes (sales: Rs.18 crore) have only recently started making profits. Automotive Axles (sales: Rs.15 crore) and Ellora Engineering (sales: Rs.6 crore) are yet deep in the red.

Bharat Forge (BFL), with an installed capacity of 50,000 forgings per annum, is the largest in the industry. Its nearest rival, Amforge Industries Ltd (sales: Rs.33 crore), is just one-fifth its size. "It is the undisputed leader in the industry with the widest range of forgings," admits one of its rivals. BFL has the facility to make forgings of more than 2,000 types, weighing from a mere 100 gm to 500 kg. It is an integrated forging company with its own die shop, heat treatment and crankshaft machining. And, with the recent acquisition of a 3,000-tonne press, with facility for extension forgings, it has become a one-stop shop for almost everything in metal forming.

BFL, however, also had its own cup of woes between 1980 and 1984 when its sales stagnated and the company was plagued by labour unrest. During the period, sales stagnated at around Rs.55 crore and profit after tax around Rs.3 crore. One major reason was over-dependence on the stagnating automobile sector — 80 per cent of company's output was for trucks and tractors. "We learnt a bitter lesson then and were forced to diversify into other areas," remembers Neelkanth Kalyani.

Consistant record

Today, only 40 per cent of BFL's output is for the automobile sector, while supply to defence accounts for 21 per cent, exports 10 per cent, and open forgings for engineering companies another 10 per cent. Its customer list includes leading vehicle manufacturers like Ashok Leyland, Telco, Bajaj Tempo, diesel engine manufacturers like Kirloskar Cummins, engineering companies like MECON, Buckau Wolf and L&T, and of course, the defence ministry.

BFL which has a consistent dividend record and is also the main promoter of the other companies of the group. But, of late, its profitability has suffered due to higher interest costs. The gross profit earned by BFL, as percentage of sales, is hovering around 10 per cent for the last three years, against around 16 per cent in case of rival

The Kalyani family: (L to R) father — Neelkanth, grandson — Amit and son — Baba.

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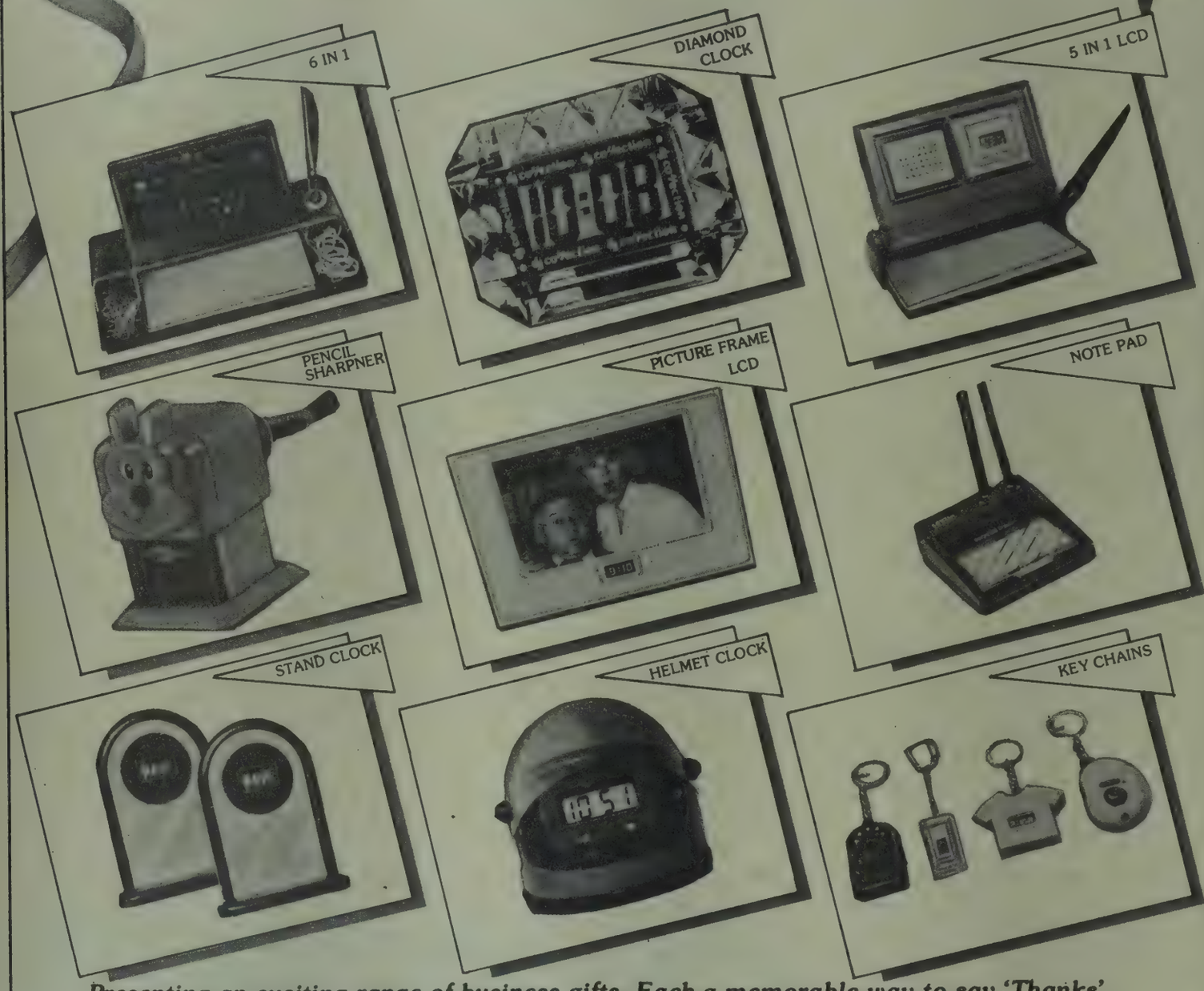

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TBM

Steel forgings at Bharat Forge: the backbone of the group

Baba Kalyani: running the show

Amforge.

If BFL is the backbone of the group, Kalyani Steels (KSL) is probably the jewel in the crown. It was set up in 1973, near BFL's factory in Pune, mainly to supply forging grade alloy steels to BFL. Its capital cost was only around Rs.5 crore since the Kalyanis had opted for second hand machinary and an inexpensive layout. "This helped the company to cut its project cost by half," says a senior official of another alloy steel company. Besides lifting steels, BFL also helped Kalyani Steels to perfect its product quality. Even today, BFL lifts 60 per cent of KSL's output, and this has undoubtedly helped KSL in taking its place in the top five alloy steel companies in the country.

As a result, KSL is one of the most profitable alloy steel companies in the country today. Some indicators: in 1988-89, KSL's earnings on net worth was 28 per cent, against 18 per cent earned by Mahindra Ugine Steel Co (Musco), the largest alloy steel company in the private sector. KSL's Rs.10 equity share, one of the most sought after scrip in the market, reached a peak of Rs.650 per share before the bonus issue of 1:1. Currently, it is quoted around Rs.250. Its book value per share is Rs.63 against Rs.29 for Musco, and its earnings per share was Rs.11 against Rs.5 for Musco.

Small equity

No doubt it is a prime scrip. But one major reason for such spectacular financial ratios is that KSL's equity capital is very small — only Rs.2.3 crore after three bonus issues in six years. The floating stock available in the market is also low as public holding in the company is only 30 per cent.

With the Kalyanis holding 70 per cent of KSL's equity, its high profitability is naturally in their interest. (In all other group companies, the family's holdings are not more than 40 per cent.) This also partly explains three bonus issues (twice 1:1 and once 1:2) and high dividends — ranging between 25 and a high 85 per cent — paid by the company. In fact, an ex-employee of BFL observed that KSL's high profits were sometimes at the cost of BFL. Baba Kalyani, however, vehmently refutes such charges as "nonsense". While it is a fact that the BFL connection has helped KSL a great deal, it should not overshadow KSL's continuous efforts to upgrade technology and expand capacity. Besides, as managing director Prabhakar Chitale points out, "Early this decade we were only a 18,000 tonne plant. Today we are a modern 75,000-tonne plant."

In the course of the last five years, KSL has replaced its two earlier furnaces by one 30-tonne ultra high power furnace and installed a ladle furnace for better quality and higher output. It is now investing another Rs.24 crore to instal continuous casting facilities, modern rolling mills and an electro slag refinery for very superior grade steel. "The days of using old equipment in a protected market are over. We must modernise to improve quality and size and go global," says Neelkanth Kalyani. "Our aim is to make more and more higher value added steel and thus stay ahead of others," adds Baba. The alloy steel to be produced through the electro slag refinery process, for example, will fetch Rs.60,000 a tonne, against KSL's current average realisation of Rs.16,000 a tonne.

A logical step

The process of vertical integration which started with KSL, continued with the setting up of Automotive Axles (AAL) at Mysore in 1981. AAL, a joint venture between BFL and Rockwell Corporation of the US has an installed capacity for 20,000 rear axle housings for heavy vehicles. BFL and Rockwell, the largest producer of axles in the world, each holds 40 per cent of AAL's equity. Since 60 to 70 per cent of the inputs for axles constitute forgings — and AAL will buy at least 8,000 tonnes of forgings at full capacity — setting up the company was a logical step in forward integration for BFL.

Unfortunately, despite the Rockwell and BFL connections AAL has yet to really take off. Ever since it was started in 1984, the company is losing money heavily and, at the end of March 1989, after five years of operations, AAL's accumulated loss is Rs.5.39 crore. Since the loss is more than 50 per cent of the peak net worth, the company has already become a BIFR case.

What went wrong? In retrospect, it is clear that the company made a mistake by banking on only one consumer. AAL was set up mainly to cater to Ashok Leyland's additional requirement of rear axles for

its trucks. Ashok Leyland, an old customer of crankshafts from BFL, was planning to expand its truck manufacturing capacity to 40,000 from 12,000 in the early eighties. Kalyanis saw this as a great opportunity and set up AAL. Unfortunately, despite some fresh investment, Ashok Leyland's truck production did not go up, mainly due to stagnant demand, and AAL was saddled with idle capacity. The four new commercial vehicle manufacturers with Japanese technology also took a long time to stabilise themselves, adding to AAL's woes. In fact, till 1986-87, only a third of AAL's capacity was utilised.

However, things have been looking up since last year. During the 18 months ended March 1989, sales jumped up to Rs.23.42 crore, from Rs.7.12 crore in the previous 12 months. And, for the first time, the company made a cash profit of Rs.33 lakh. The turnaround came as a result of installation of assembly lines for manufacturing complete axles as opposed to only axle housings earlier. "With this, our customer range now has become much wider," says AAL's chief executive P.B. Prabhu.

Quite optimistic

Prabhu has recently been inducted to turn the company around. An electrical engineer, he has rich experience from his earlier jobs in Telco and Voltas and hopes to wipe out past losses in two to three years. The optimism is also reflected in AAL's share price, which is quoted around Rs.26 despite heavy losses.

Another company which was beset by problems similar to AAL's is Kalyani Brakes (KBX). KBX too was set up around 1984 with technical and financial collaboration with the world leader in automobile brakes — the Bendex Corporation of the US. Set up at Jalgaon, Maharashtra, KBX was also designed to supply air brakes mainly to Ashok Leyland. Once again, as Ashok Leyland's expansion

An efficient combination

Kalyanis hail from a village called Potale near Karad in Satara district of Maharashtra. The father of Neelkanth Kalyani (the founder of the group), made all his money from his traditional family business in foodgrains-trading. The family has large area under cultivation where modern farming techniques are being used. "Agriculture is still my first love," says 61-year-old Neelkanth Kalyani.

Neelkanth Kalyani initially had no inclination to become an industrialist. The idea first came to him in his early thirties when he had to do some ground work for setting up an industry for a friend. "My friend never took it up but the idea clung to me," recalls Neelkanth. On the advice of S.L. Kirloskar of Kirloskar group, who also hails from the same village and "is a friend of the family," he decided to start a forging unit. Bharat Forge — the first unit of the Kalyani group thus came into being in 1961, near Pune. Kirloskar Diesel Engines provided a major support to BFL by buying a large part of the output for their engines. Gradually, the customers' list enlarged with automobile companies like Ashok Leyland, Telco, Escorts etc figuring prominently in it, and BFL never looked back. Starting with forgings, the group gradually diversified into steel making, automotive axles, automotive brakes and colour televisions.

Active interest. Baba Kalyani, the older son of Neelkanth (the other son Gauri Shankar looks after family's poultry and agriculture business), joined BFL in 1976. A mechanical engineer from Pilani with a masters degree in science from the Massachusetts Institute of Technology, he started on the shopfloor. Now, he is the vice-chairman of all the group companies, and runs BFL, the flagship of the group. He also keeps a close tab on the other group companies and takes all the major decisions.

Neelkanth, the chairman, is now mainly involved in the "external affairs" of the group. He is associated with a large number of committees under various trade and industry associations, such as Confederation of Engineering Industries, Engineering Export Promotion Council, and FICCI's Engineering Export Committee.

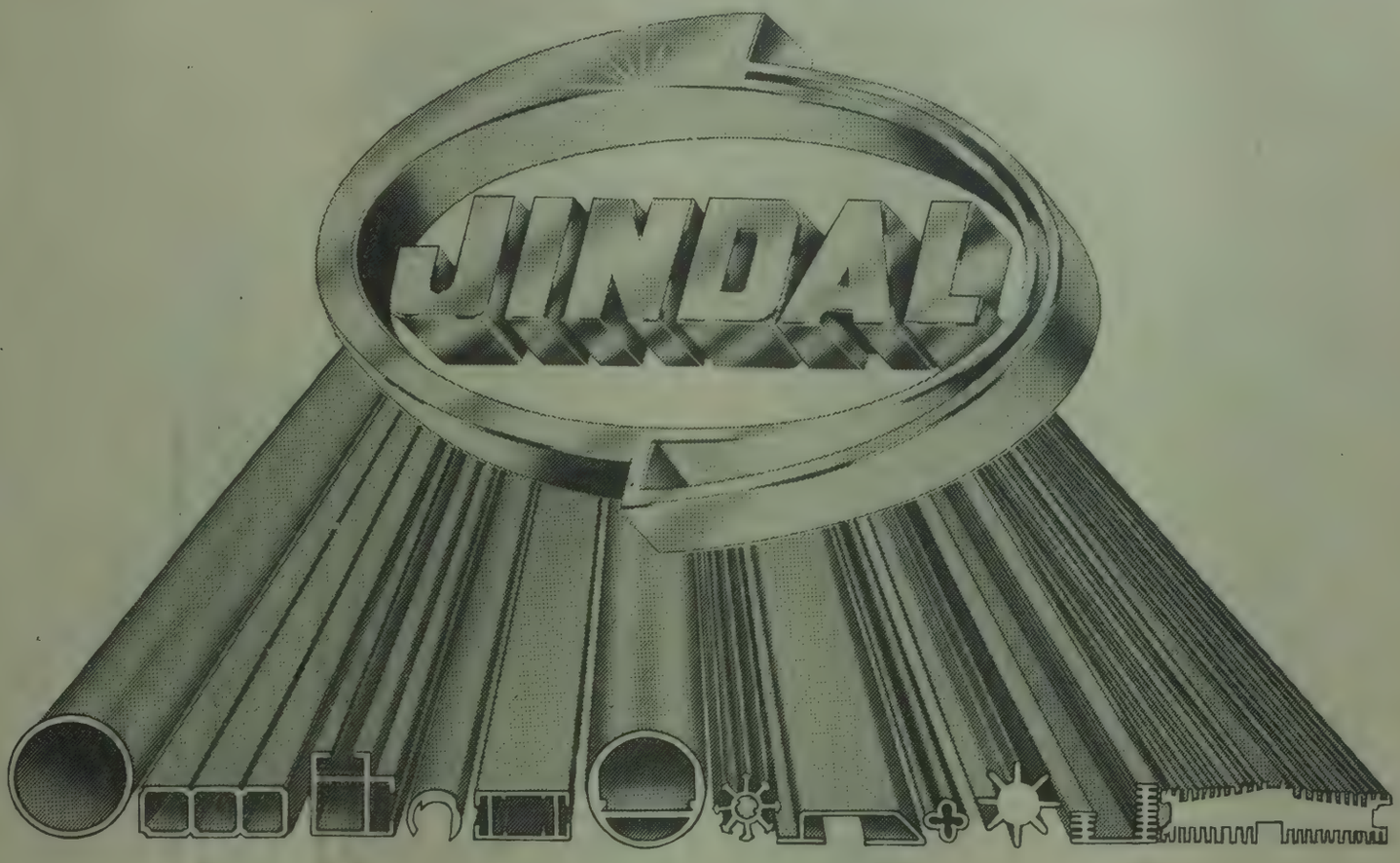
The father and the son present a picture of contrast, according to those who know them well. While Neelkanth is known for his patience, perseverance and a charming personality Baba is dynamic, aggressive and energetic. "He is so confident that, at times, people consider him arrogant," says a senior ex-employee of BFL who has worked with Baba for many years.

The father and the son — a good team

The group keeps a very low profile and its management is very conservative. In none of the group companies has the equity holding by public gone above 30 per cent. In fact, in three companies — Automotive Axle, Kalyani Brakes and Kalyani Sharp (yet to go public) — the public holding is just 20 per cent, and eighty per cent is held by the Kalyanis and their collaborators. BFL, the flagship of the group, maintains a conservative dividend policy ranging between 10 to 25 per cent, except for last year, when, it offered 33 per cent, a record for the company. In case of Kalyani Steel, dividends (between 25 per cent and 85 per cent) and bonus issues (three times in last 7 years) were much more liberal, perhaps because the Kalyanis own 70 per cent of it.

But the policy is now changing and Kalyani Steel will soon come out with a public issue of Rs.250 crore, whereby the group will reduce their stake to 30-40 per cent. "So far we did not need much public money as we have always been ploughing back profits," points out Baba.

The Kalyanis are shy of public exposure. But their life style reflect the level of affluence they are in. They maintain a fleet of cars, most of them of foreign make, and have two Beechcraft aircrafts used for short distance flights — an indication of how well the group has performed in recent years.



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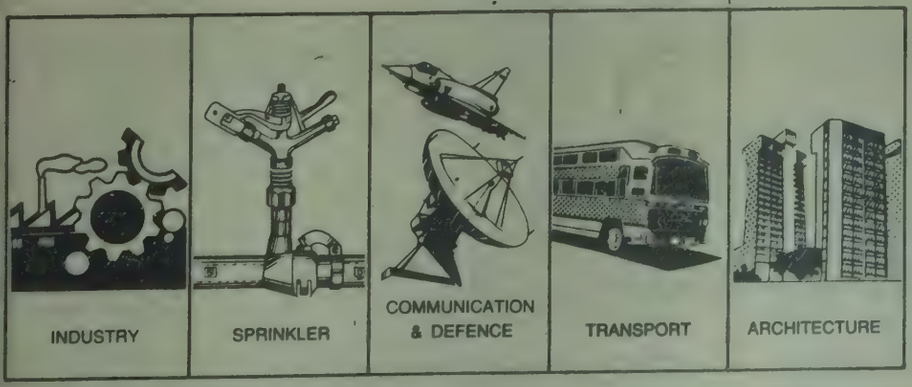

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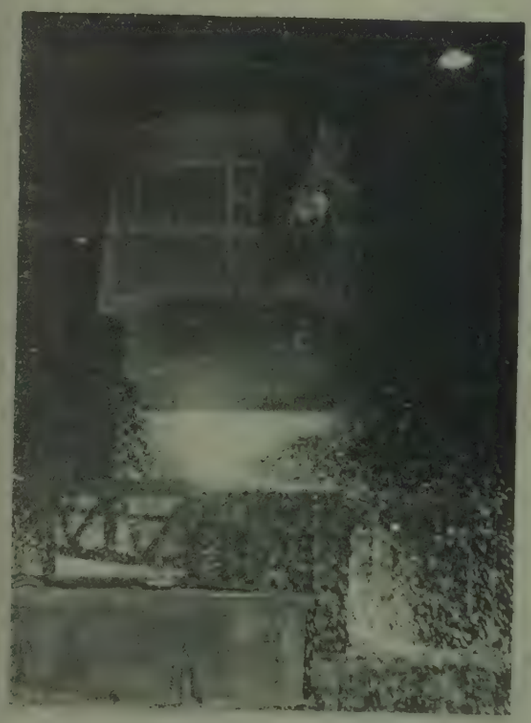
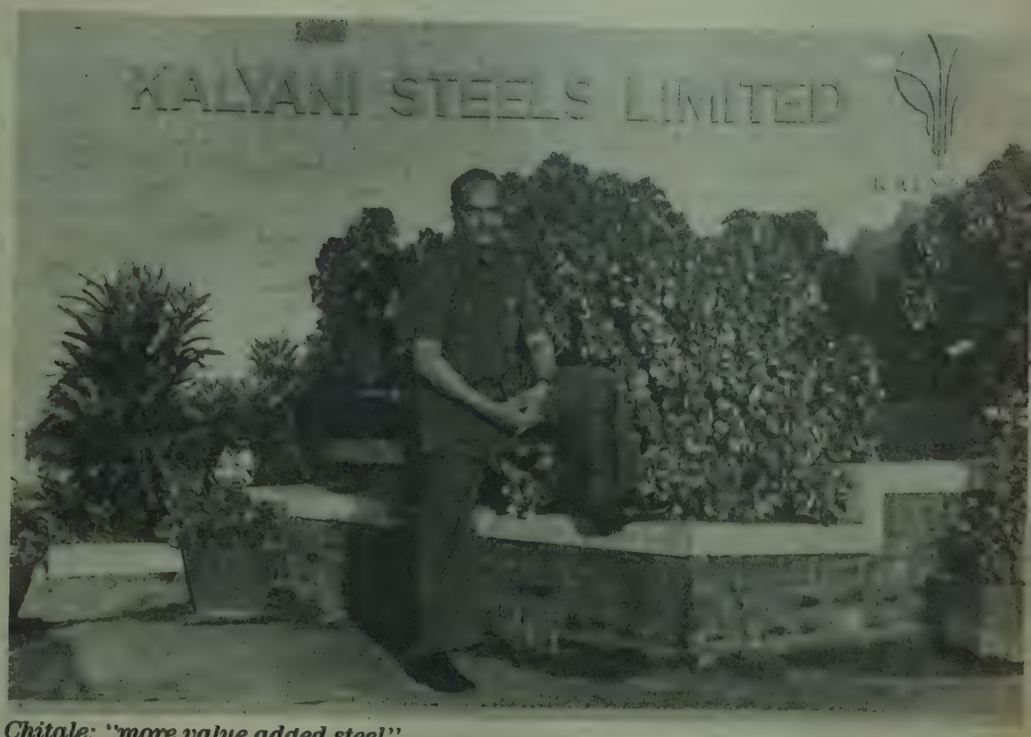


Tapping of steel at KSL: high profits



Chitale: "more value added steel"

plans did not pan out, the project stagnated. By end-June 1988, KBX had accumulated losses of Rs.4.87 crore, against an equity capital of Rs.3.9 crore.

In the case of KBX, however, firefighting measures were initiated much earlier than in AAL. With a small investment of Rs.2.5 crore in 1986, the production line was quickly changed to make hydraulic brakes for cars. The company tied up with a new Japanese company for technology and snatched Maruti's huge orders from the 20-year-old TVS group of Madras. "Maruti will buy 70 per cent of our production this year," says Himanshu Kulkarni, managing director of KBX. Besides, KBX is also supplying to Contessa and Premier 118 NE. "Our hands are full. We are operating at almost 100 per cent capacity," beams Kulkarni.

KBX is now busy developing 100 pre cent air brakes for LCVs and hopes to achieve a complete flexibility between air brakes (for LCVs) and hydraulic brakes (for cars). Financially too, KBX is looking better. It made a real profit for the first time in 1987-88, which then doubled to Rs.1 crore in the year ended March 1989. Baba Kalyani hopes to wipe out all losses by 1993 by then the turnover will have reached Rs.75 crore.

Not much luck

Ellora Engineering is another company with the group that has not had much luck. Founded in the early eighties, as a closely held company, it was mainly producing small forgings for conventional two-wheelers. After overcoming initial problems, the company grew steadily and started making small profits. But, since 1987, its sales are down as the conventional two-wheeler manufacturers took a beating at the hands of the large number of new generation two-wheelers. Consequently, the company's accumulated losses mounted to Rs.1.46 crore by end-March 1989. Now the company is planning to invest more money to be able to cater to a wider segment of the market and face the competition better.

The youngest member in the Kalyani group is Kalyani Sharp Ltd. Setup in 1986, Kalyani Sharp makes the "Optonica" brand of colour televisions (CTVs). Starting with production of 7,000 CTVs a year three years ago, the plant, located in a backward area near Pune, now produces 5,000 pieces a month. The company sold 35,000 CTVs worth Rs.24 crore for the year ended June 1989 and made a small profit of Rs.80 lakh. In fact, barring the first year, Kalyani Sharp has always made profits, albeit small.

Here again, the BFL played a big part in Kalyani Sharp's fortunes by taking over the entire marketing of TVs. This was done mainly because Kalyani Sharp, which required at least Rs.10 crore of working capital for marketing TVs, was unable to raise the funds from banks. Many however point out that it was an indirect subsidy from

Kalyani group: A profile

(Rs crore)

Company	Year established	Year ending	Gross sales	Gross profit	Net profit	Products	Plants at
Bharat Forge	1961	March '89 (a)	165	23	8	Medium and large steel forgings	Pune, Jalgaon and Satara
Kalyani Steels	1973	March '89 (b)	68	11	4	Carbon and alloy steel	Pune
Ellora Engineering	1979	March '89 (c)	6	− 0.07	− 0.80	Small forgings	Pune
Automotive Axles	1981	March '89 (a)	15	2.70	− 1.73	Rear axles for vehicles	Mysore
Kalyani Brakes	1982	March '89 (d)	18	3.5	1.00	Automobile brakes	Jalgaon
Kalyani Sharp	1986	June '89	24	2.3	0.80	Colour TVs and VCR/VCPs	Pune

Note: Data for a = 18 months, b = 7 months, c = 17 months and d = (+ or −) 9 months have been pro-rata adjusted for 12 months

Ammunition shells at BFL: large orders

BFL, a public company to a closely held company. From October this year, however, Kalyani Sharp has started marketing its TVs itself.

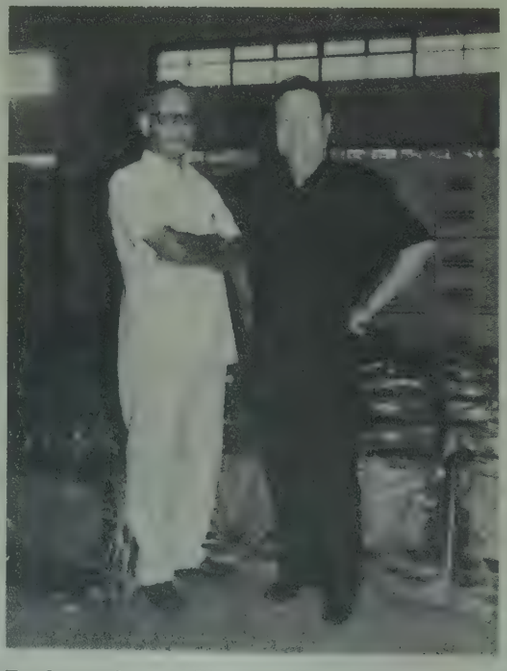
Kalyani Sharp, however, is up to much bigger things now. It is one of only three private sector companies which have received licences to manufacture 300,000 VCR/VCPs each per annum. The Kalyanis have already tied up with Sharp Corporation of Japan for a technical as well as financial collaboration. BFL and Sharp each will hold 40 per cent of the equity in the company, while the balance will soon go to public. The cost of the project will be about Rs.50 crore and the company plans to make about 100,000 VCR/VCPs and about 150,000 CTVs by 1992. "By then, our turnover will go up to Rs.300 crore per annum," says R.B. Deshpande, managing director of Kalyani Sharp. T. Yamanaka, representative of Sharp Corporation and joint managing director of Kalyani Sharp, who is working on the upcoming VCR project, is also hopeful. "With Sharp technology and the dedication and hard work of the people here, I am sure we will be able to make VCRs of world quality," says Yamanaka.

Prospects brighten

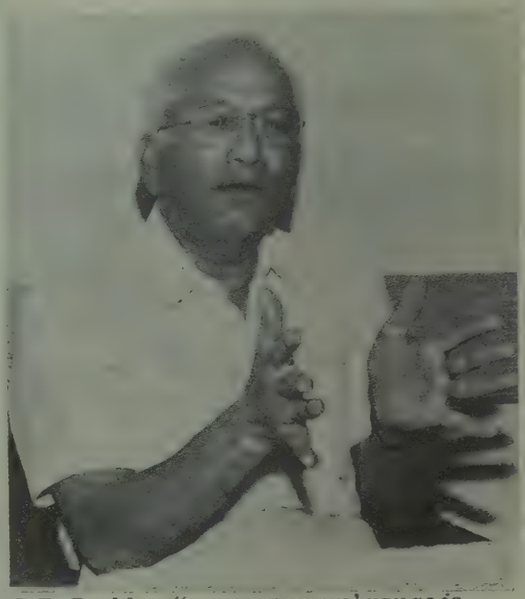
Getting a world leader in consumer electronics like Sharp into the act as an equal partner, definitely brightens the prospect of any company. But the Kalyanis know well that that does not necessarily spell success — even with the world's best technology, both AAL and KBX had a bad time. Many feel it was an unprudent business decision to promote both the companies with projects designed to cater only to Ashok Leyland's expansion plans. But Baba Kalyani does not agree. "In hindsight it is easy to say that we made a mistake," he says, "but when we promoted these two companies, Ashok Leyland had absolutely positive plans to expand. Besides, business means some amount of risk taking and you can go wrong sometimes."

The mistakes, however, seem to be over and done with. Except for two, AAL and Ellora Engineering, all the other companies in the Kalyani group are now back on the profit track. More importantly, the group is now looking forward to a big jump. At BFL, in Pune, an ultra-modern forge shop is being installed at a cost of Rs.65 crore. With this, BFL's capacity will go up to 75,000 tonnes, from the present 42,000 tonnes. "This will make us one of the five largest commercial forging companies in the world," claims Baba.

Baba's ultimate aim is to become an international supplier in forgings. In the last three months, BFL has received five delegations from Japan wanting to buy forgings. Baba Kalyani is hopeful of bagging at least one or two of these orders this year. Also the fact that the people in the developed countries are moving out of the polluting, bulk material handling, low-tech labour-intensive industries to sophisticated, clean and hi-tech industries is also helping Indian exporters. "Once Japanese buy from us, the whole world will be our market because their acceptance is the ultimate seal of quality," he says. In the meanwhile, KBX, is also trying to supply brakes to Japanese auto makers and is soon expecting a big order.



Deshpande and Yamanaka at Kalyani Sharp: strong Japanese connections



P.B. Prabhu: "our customers' range is now wider"

Among all, KSL, however, has the biggest diversification plans. It's plant at Pune is modernising and expanding. It has already acquired land in the Raigad district of Maharashtra for a 600,000-tonne gas-based sponge iron plant at a cost of Rs.400 crore. KSL also plans to set up a 250,000-tonnes hot rolled coils plant at the same site. Another project which the company has already applied for is a 90,000-tonne seamless steel tube plant with a captive alloy steel plant. The seamless steel tube and the hot rolled coils projects, along with expanded capacity of KSL, will consume almost the entire amount of sponge iron to be produced by the new project. This will make it almost self sufficient as far as sales are concerned.

Unmistakably, one clear pattern emerges out of this expansion plans. The group is going to be almost entirely integrated, backward and forward. The sponge iron produced by one group company will end up in finished products like automotive axles and crank shafts, all made by other group companies. Simultaneously, the group is looking out for big export markets. It has already made a beginning with forgings. Next to follow are automotive brakes, hot rolled coils, seamless tubes, etc. "We will emerge as one of the leading export houses in the country in the next three to four years," hopes Neelkanth Kalyani who strongly believes that the ability to export on one's own merit is the ultimate test of the success of a company.

■ DILIP MAITRA

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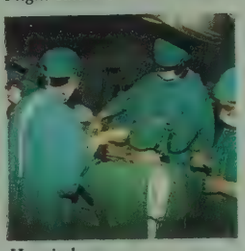

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TVS WHIRLPOOL

Into a crowded market

After entering the consumer durables market with the TVS 50 moped, Sundaram Clayton is now making inroads into the cluttered washing machines segment

The venerable TVS group is making a foray into a crowded consumer durables segment, with a confidence born of its own considerable experience in light engineering and the backing of a strong US collaborator.

Sundaram Clayton Limited (SCL), the Madras based company of the TVS group, is setting up TVS Whirlpool, a new venture to manufacture washing machines. SCL, which has formidable strengths in auto ancillaries, was the first company in the group to move away from the traditional line of manufacturing air brakes and enter the consumer durable market by introducing the highly successful TVS 50 moped.

TVS Whirlpool is a joint venture promoted by the TVS Group (SCL) and Whirlpool Corporation of the US, world leaders in the appliances industry. SCL and Whirlpool US are investing Rs.5.5 crore each and there will be a public issue of Rs.5.61 crore shortly. The plant, with a licence for 75,000 units, is coming up in the union territory of Pondicherry at a cost of Rs.28 crore. According to the company's young managing director, Gopal Srinivasan, the first product, a 5-kg top loading fully automated washing machine, will be launched in June next year.

Challenging project

By far, TVS Whirlpool is going to be one of the most challenging projects taken up by the TVS group. With the washing machine market showing definite signs of getting overcrowded, there are bound to be casualties. But many entrepreneurs are of the opinion that after the television, it is the washing machine which is going to catch the fancy of the growing consumer durables market in the country.

Today, the sales of washing machines is about 175,000 units a year and expectations are that this will grow to 500,000 in the next two years. In 1988-89, the sales of washing machines amounted to about Rs.60 crore. Almost 20 new entrants, including the likes of Videocon, Sumeet, Modis, Voltas, Kelvinator and Onida, are planning investments of about Rs.250 crore in the industry in the near future.

The collaborations being forged are also impressive. Videocon has a technology tie-up with Matsushita (National) of Japan, while Kelvinator is planning a tie-up with the Electrolux Corporation. Modi Hoover is planning to go with Maytag. BPL India has a collaboration with Sanyo of Japan and Indian Fine Black of Goa will go with Bosch of Germany, and so on.

Although Gopal Srinivasan has been toying with the idea of entering this field for the last four or five years, things did not move as fast as he would have liked. "We wanted to go in for the best technology available. However, it took us a while to arrive at mutually acceptable terms with Whirlpool, which we did only at the end of 1987. We started work in early 1988, and are ready to go into production in two years; which is quite reasonable," says Srinivasan. Besides the obvious advantages of having Whirlpool US as a collaborator, "the considerable manufacturing engineering strengths of the TVS group, developed over 50 years, is also a great advantage," adds Srinivasan.

Srinivasan is convinced that his product is going to be among the best in the Indian market. "This is going to be a fully automated product with no intervention from start to finish. Standards have been set by Whirlpool US but the models we are introducing have been developed for Indian conditions," he says. The machine to be introduced is a top loading agitator type model which has a low cycle time and fairly low water and power consumption.

The people who are entering the washing machine market are falling into distinct categories. Leading the pack are the TV manufacturers who are facing falling growth rates in sales. In the south, Madras based Solidaire and Bangalore based BPL have announced their plans. Onida, Weston and Crown TV are also finalising their plans. Videocon has already emerged as a force to reckon with in the semi automatic washing machine segment.

The other category includes traditional white goods companies like Kelvinator and Voltas. Eventually, Godrej is also likely to enter this market. And there are also the small appliances manufacturers like Bajaj Electricals and Sumeet in the field.

Srinivasan: "proceeding cautiously"

The competition undoubtedly is going to be cutthroat. And most of the people mentioned already have extensive dealer networks and well known brand names. Srinivasan is fully aware of these advantages that the others enjoy. He claims, however, that he and his team have studied the market carefully. "We are also setting up a very wide dealer network, which does not have to bother about servicing; our staff will take care of that. But the product will require negligible servicing," he claims.

Srinivasan also hopes that the less-than-Rs.10,000 price tag for the 5 kg Whirlpool washing machine will prove attractive. "Those who are already willing to pay Rs.7,000 for the semi-automatic machine will hopefully want to go in for our product," he says.

A distinct advantage TVS Whirlpool is going to enjoy, is a buy-back arrangement worked out with the American collaborator. Whirlpool Corporation has agreed to offload 30 per cent of the Indian company's output.

Srinivasan has plans for three more models within a year, which includes a commercial washing machine at 6.5 Kgs. By 1992, the company will come out with a dryer, refrigerator and compressor. Srinivasan has a letter of intent to manufacture motors, valves and controls with Whirlpool technology. "We are proceeding cautiously according to carefully thought out plans," he says.

All in all, though the going is likely to be tough, Srinivasan is confident that he will emerge as one of the winners.

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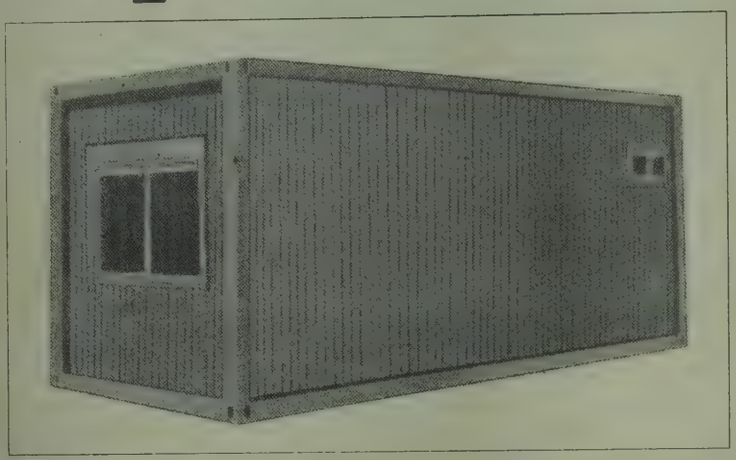

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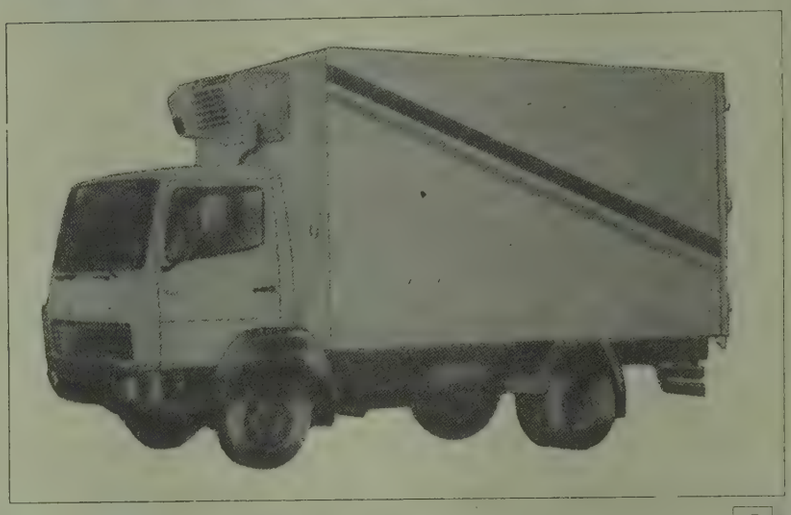

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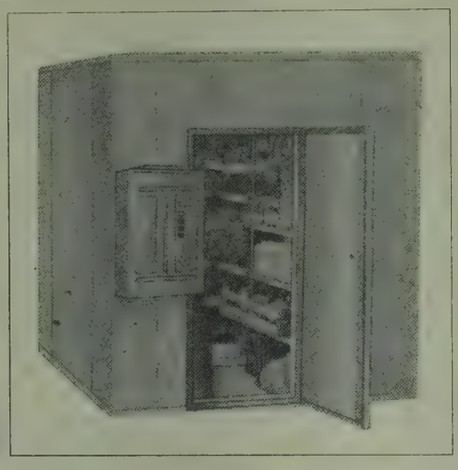

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NEW INDIA ASSURANCE

An innovative streak

The largest insurance company in the country keeps ahead by constantly introducing innovative schemes and expanding its branch network

What started off as another business activity of the then growing house of Tatas has evolved into one of the rare winners in the public sector. The New India Assurance Company Limited, promoted by Dorab Tata in 1919, is now the largest general insurance company in the country.

New India's gross premium income reached Rs.660.22 crore for the 15-month period which ended on 31 March 1989. This was 18.2 per cent (on an annualised basis) more than that registered in the previous year and represented a cent per cent target achievement. For the same period, profit after tax came to Rs.65 crore — an increase of Rs.12 crore over the previous year. Major corporate houses like Mafatlals, Tatas, Sarabhais and Birlas totally paid premium worth Rs.132 crore. "Our growth in recent years has been good and if we continue in the same way, we can easily reach future targets," says S.V. Mony, chairman and managing director.

Foreign business

The company operates out of 18 regional offices, 300 divisional offices and 650 branches within the country and 27 countries abroad. New India's foreign business has almost doubled in the last four years. This is mainly on account of a fall in rupee value and substantial appreciation of currencies like yen and pound sterling. In 1978, New India's gross direct premium income from outside the country was Rs.20.61 crore. Last year, it was Rs.77.41 crore.

That the results of these foreign operations have improved can be gauged from the fact that the net profit to net premium ratio stands at 16 per cent. Most of the business comes from developed countries like Japan, the UK and Australia. Japan contributes about 40 per cent of the foreign business. This international network has helped in reinsurance with most of the business accepted from Europe (55.86 per cent), followed by Asia (25.50 per cent), Africa (16.37 per cent) and America (2.27 per cent).

According to insurance experts, the company's strength lies in its healthy capital base of Rs.26 crore and reserves base of Rs.312 crore. "We watch our claims very well," says Mony. On an average, New India spends about 60 per cent of its income on claims. This compares very well with the 85 per cent at other insurance companies. Another advantage has been marketing savvy. While other insurance companies have tended to concentrate only in the metros, New India has retained a strong foothold in urban areas but, at the same time, has made significant inroads into the villages.

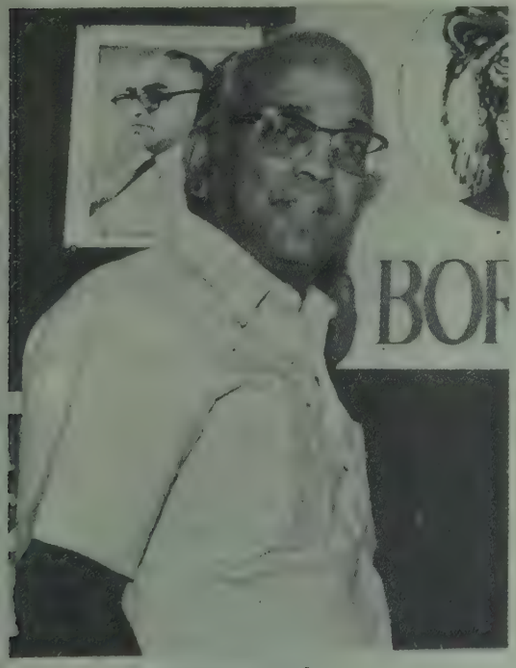
New India's income from rural insurance grew from a mere Rs.40 lakh in 1972 to Rs.3 crore in 1976. It has now reached Rs.35 crore and is expected to touch Rs.75 crore by 1993. The company, which pioneered cattle insurance in 1957 and agricultural pump set insurance in 1961, floated crop insurance for the first time in the country in 1975. Claims worth Rs.40 lakh were paid to farmers in Andhra Pradesh, Gujarat and Kashmir growing oilseeds over 10,000 hectares. More recently, it has introduced insurance for chickoo and mango. Under the failed well insurance scheme, upto 75 per cent of the sum insured can be claimed as settlement in case the well fails.

Innovative schemes

It is innovative schemes like these which have taken New India to the forefront. Most schemes evolve from suggestions put forward by employees and clients. Some of New India's more striking schemes include the cancer policy and unborn child scheme. Another daring departure from the usual was in 1982, when the company provided sophisticated and comprehensive insurance cover for INSAT 1A for $ 72.6 million. The satellite was a total failure but New India ended up paying only 10 per cent of the sum insured because it had tied up reinsurance arrangements with about 200 companies worldwide. "New India is considered more efficient than the other insurance companies as far as new schemes are concerned," says former CMD Vasant Vaidya.

Much of the credit for New India's success goes to B.K. Shah who gave the company a firm foundation. Shah, who took over as the first Indian general manager after partition, was its chief executive officer between 1949 and 1974. Since insurance income has a tendency to fluctuate, he built up a good investment portfolio so that a constant investment income would help maintain the dividend.

Shah set up four schools for training in insurance — at Bangalore, Bombay, Calcutta and Dehradun. Within the company, he introduced an intensive, in-house training scheme for officers at various levels. "He had a very progressive outlook," says former general manager G.S. Patel. Officers trained at New India were being grabbed by other companies with tempting offers. "Any other person would have clamped down on the training scheme," says Patel who headed the investments department, "but Shah merely



Mony: a satisfying growth

Desai: catering to village needs too

said, 'If you want to retain four people, train eight. We'll consider the people leaving us as our contribution to the economy.'"

"I had an ambition to build New India into a great international insurance company like Prudential," says Shah, adding that the standards of accountability and integrity at New India were very high.

Intensive training

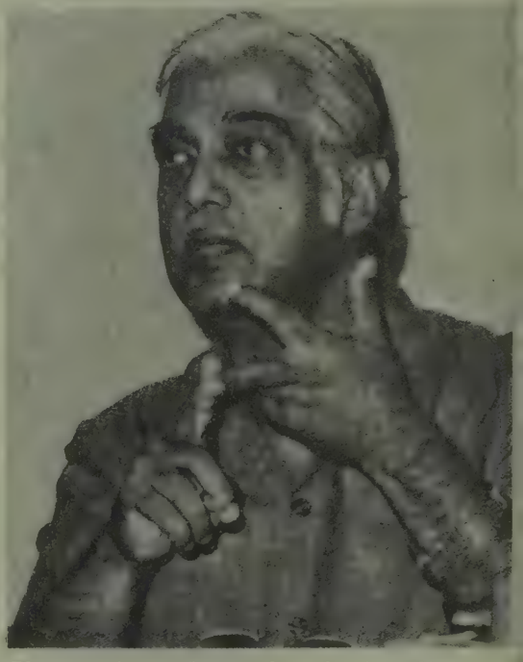
The training at New India helped shape up the future careers of a handful of "New Indians" who would dominate the Indian fiscal world in the years to come. While Patel went on to head Unit Trust of India (UTI), P.K. Bakshi became an executive director at Life Insurance Corporation (LIC). The late S.V. Shah was appointed managing director of ICICI. M.V.N. Shetty would later become the chairman of Vyasa Bank and R.K. Daruwalla, chairman of GIC. In 1960, a young law graduate, with a MA in Economics to boot, joined New India as an analyst. Three decades later, as the CMD of UTI, M.J. Pherwani would sit on investible funds worth Rs.10,000 crore and be in a position to make or break stock exchanges and leading companies across the land.

"It was a highly professionalised company," says Pherwani. "The shareholding was very widely spread, with the Tatas holding only about 4 per cent of the equity. The sales team believed in aggressive marketing."

Nationalisation of the company in 1973 changed all that. Earlier, New India's 500 field officers had the *carte blanche* to issue on-the-spot policies, collect money as well as settle claims. They brought in more than 70 per cent of the business in this way. With their powers reduced after 1973, the potential for fast business has also decreased. Finance minister Y.B. Chavan's decision of amalgamating the existing smaller 170 insurance companies with four large ones resulted in New India taking on the burden of the 30 weakest companies. "Red-tapism has entered after nationalisation, service to clients has slowed down. As at other public sector companies, people at New India have become more lax," says Vaidya.

Other weaknesses tend to slow down the growth carefully built up over the decades. The management expense last year totalled Rs.54 crore, showing an increase of 3 per cent over the previous year. Even Mony has stressed the need for controlling this outflow. According to a former New India hand, it is difficult to find committed

Patel: a progressive outlook pays



Pherwani: a culture of professionalism

people to look after rural insurance because, since New India is a market leader in motor and fire insurance, people are more interested in these portfolios.

Finding fault

Detractors also find fault with some of the much-flaunted rural insurance schemes. Grapes insurance, for example, has been a constant drain over the last 2 years it has been in existence. General manager Dinesh Desai, however, points out that the scheme is still relatively new and the trend will reverse, once larger areas are covered.

New India Assurance HQ: readying for the 90s

In spite of these drawbacks, New India has a lot going for it, as even competitors admit. Says a manager at National Insurance Company Ltd, "In matters of documentation and settling of claims, New India is still faster than others." Last year, the company achieved the targets of 93 per cent and 79 per cent it had set in the twin areas of documentation and claims settlement, respectively.

The company's future plans include a premium target of Rs.625 crore in the current year. Two regional offices, 25 divisional offices and 75 branches are proposed to be opened in the same period. Abroad, the company is reorganising itself so as to be ready to meet the challenges posed by a unified Europe in 1992. Operations will soon be started in Belgium, France, Portugal and Holland. The odd lot scheme, introduced in February 1988, has been successful and will soon be extended to 200 companies.

Mony would like all levels of personnel at New India to view the nineties as the 'decade of personal insurance'. Says he, "It is now quite evident that people do not like keeping their money only in banks. If we develop a more aggressive marketing strategy, we can tap some of it.

Given its glorious track record, it should not be difficult for New India to achieve its targets. If its employees dissociate themselves from the mental roadblocks usually found at public sector undertakings, their company can continue enjoying its *numero uno* status.

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AKSF

Is the worst over?

Despite owning some really sophisticated moulding technology, this young company has yet to move into the black. There are indications, though, that things could improve soon

A.K. Structural Foam Ltd (AKSF), a young company promoted by two NRI's — A.K. Rawat and N.K. Rawat — and C.G. Parekh, an industrialist from Ahmedabad, went public in January 1986; the issue was oversubscribed. That appears to have been the highlight of the company's existence. In the first year of production, 1987-88 the company could barely manage a turnover of Rs.16 lakh.

The company began activity on the strength of seemingly good credentials. The promoters' track record was fairly good — A.K. Travels Pvt Ltd and A.K. Pulp & Paper Mills (today known as Nira Pulp & Paper Mills), two other companies of the Rawat brothers, have been doing well over a long period. (Of AKSF's share capital of Rs.3.72 crore, more than 40 per cent is held by the three promoters.) The product line chosen, too, was good, and the company had an active collaboration with Hendry Research International Inc of the US (James W. Hendry is on the board of directors of AKSF).

Unique capability

The company brought into India, Hendry's moulding technology, called the Pneumatic Internal Pressure (PIP) process, which produces lighter plastic components without sacrificing strength and makes certain thermoplastics amenable to engineering applications. The process also helped bring down AKSF's product cost by 15 per cent, due to reduced weight. AKSF has the facilities to mould items out of structural foam, which has the superior strength-to-weight ratio required in engineering applications. It is the only company in India to offer the PIP process and probably the only one with the capability to make structural foam items.

Says N.K. Rawat, a technocrat from Canada and executive director (works), "We were sure that our products would sell on their merit alone. However, many manufacturers, especially in the automotive sector, were reluctant to switch over from metal to strengthened plastic even though we demonstrated the strength by rigorous testing. Those who did show an interest were unwilling to invest in the moulds which are custom-built to suit individual components. And moulds are quite expensive."

Rawat points out that AKSF undertook mould making initially — a capital intensive and time consuming activity "That perhaps," admits Rawat, "is one place where we got bogged down." Subsequently, the company changed its policy and purchased many of the moulds required off the shelf. In other cases, moulds were supplied by the user company itself.

Commenting on the dismal performance of AKSF in its first two years, Suresh Bojwani, vice-chairman, Bright Bros, felt that the entire project of AKSF was not viable in the first place. "Their investment-cost-to-capacity ratio is too high. Their machines are too expensive for the capacity they are offering. The cost of capital, interest payments, etc, are prohibitive for a new company which has poor toolroom support and practically no marketing support."

Bojwani points out that even if AKSF were to run to full capacity, it would require to double its capacity and lower its investment-to-capacity ratio. And assuming that the company manages to do even that, it would have to operate on very low margins and might be able to break even only after five or six years. "Personally," says Bojwani, "I think AKSF is unlikely to stage a recovery."

However O.P. Roongta, company secretary of Supreme Industries does not agree. He is of the view that to establish a marketing base and develop clients a new company is bound to take one or two years. "This kind of gestation period is not unusual in our industry. If AKSF has firm orders of the size it claims to have, then it appears that it is in the process of a turnaround."

AKSF's state-of-the-art moulding equipment, but few takers

In the meantime, competitors of AKSF with smaller capital bases have done much better, Supreme Industries, for instance, ran up impressive sales figures of Rs.51 crore during 1986-87 and Rs.68 crore during 1987-88.

"This," explain the AKSF directors, "is due to the fact that manufacturers like Supreme Industries and Bright Brothers initially went in for consumer items like storage bins and plastic crates. AKSF was trying to develop intricate sections required in computers, paper copiers, automobiles, etc, to meet exacting international standards. We have been concentrating on specialised engineering products, apart from our furniture range which only constitutes 15 per cent of our product mix."

"Moreover," points out M.S. Pal, who is

in charge of sales at AKSF, "one must not forget that though Supreme has a smaller equity base it has very large reserves. Thus, the capital employed is much larger than in the case of AKSF (about three times more). Also they have been in business much longer than us. The same goes for Bright Bros."

Though Pal may have a point to make, it certainly does not explain the poor sales of AKSF. It can be said, however, that the policy of the management to limit itself to value added products for specialised applications might have been responsible for the slow off-take, as the development period for such products is much more.

The AKSF range: specialising in 'sophisticated' products

But in the long run, this policy might well pay off in terms of higher margins as well as an exclusive share of the market.

Slight improvement

During the latest accounting period of nine months (January 1988 to March 1989) sales improved slightly, inching up to Rs.51 lakh — Rs.68 lakh on an annualised basis. In the meantime, cumulative losses mounted to Rs.3.45 crore which has almost wiped out the book value of the AKSF scrip. On the stockmarkets, the AKSF share, which had touched a post issue high of Rs.18, dipped to an all time low of Rs.3 in 1988. Today the scrip languishes at around Rs.6.

In the current year, though, things have begun to change for the better, with OEM orders flowing in from Maruti Udyog, Modi Xerox, Godrej and Videocon. Put together, these orders are valued at Rs.5 crore. "To meet these orders, we are working to full capacity on all three shifts since October 1989," says the production in-charge at the AKSF plant, which is located at Talegaon near Pune.

The plant has a capacity to produce 2,000 tonnes of thermoplastic items per annum. This means that the turnover at full capacity should be between Rs.12 and Rs.15 crore according to estimates given by the company.

"We should end the year with a turnover of Rs.4 to Rs.5 crore," says N.K. Rawat. "This does not mean that we can wipe out our losses, but it certainly indicates that operations are stabilising. This year we will achieve a break even, and by next year we should generate cash profits."

Hectic negotiations are currently on with some more companies like Kalyani Sharp, Kinetic Engineering, Bajaj Tempo, Bajaj Auto, HCL and Indchem Electronics. Orders from these companies could add another Rs.7 crore to the turnover. Chances are that most of these orders will materialise. However, their impact on the bottom line would be felt only next year.

AKSF has also been making efforts to procure orders from the Railways and the defence sector. In the meanwhile, the company has been included in the list of approved suppliers for Kalyani Sharp. Says K.P. Jain, vice-president of Kalyani Sharp, "A team of Japanese experts from Sharp recently came to India to assess the capability of local suppliers for our new VCR project. They were quite impressed by AKSF's capability to make intricate VCR components."

Kalyani Sharp is also considering a closer relationship with AKSF. Says Jain, "We are carefully examining a proposal under which we could end up buying components for our entire product range, present and future, from AKSF."

Replacement for possibilities

Another opening is spelt out by B.K. Dash, technical advisor to Kinetic Engineering, another company negotiating with AKSF. Dash thinks the PIP and structural foam moulding processes available with AKSF open up possibilities of replacing some aluminium die cast parts and even castings used in two-wheelers. In fact, an official of another two-wheeler manufacturer divulged the fact that his company was in the process of finalising a "substantial" order with AKSF.

The promise held out by these developments could possibly explain the faith of the promoters in the company. In 1987-88, by far the worst year for the company, they sank fresh capital into the company, extending an interest free loan of Rs.52 lakh.

Of late AKSF has begun to make its presence felt in the booming TV industry. Though its main competitors Supreme Industries, Bright Bros. and Mutual Steel Industries have already grabbed a large chunk of the market for moulded TV cabinets, an executive of one of the big TV manufacturers, feels that AKSF and Mutual Steel Industries provide the requisite quality at a lower cost than the other manufacturers.

N.K. Rawat is confident that there is room for his company in the plastic industry too, as the industry has shown a steady growth of 15 to 20 per cent per annum over the past several years.

Roongta of Supreme Industries too thinks AKSF's confidence in its future is not misplaced. "Assuming that in the new political climate, the industry continues expanding the way it has done during the last three years, there will be an acute scarcity of manufacturers. AKSF is well poised to exploit this situation and there is scope for even more companies to fill the supply-demand gap."

As things stand, during the current year, a rise of 400 to 500 per cent in sales is a distinct possibility. This could well mean a definite change of fortunes for the Rawats and Parekh.

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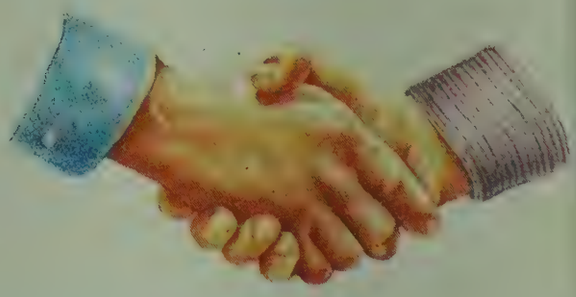

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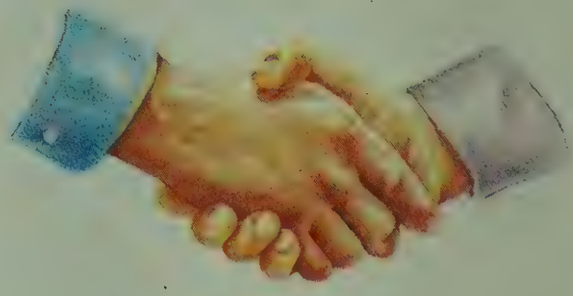

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Mars/D/SS 1/89

Ushering in an era of openness

Armed with a postgraduate degree in nuclear physics and steeped in socialist ideology for the last five decades, **Madhu Dandavate** *is readying himself for the onerous task of managing the Indian economy. His New Delhi residence is sparsely furnished. "The roof leaks," says his wife, ex-MP Pramila. On the walls are three portraits — Gandhiji, Jayaprakash Narayan and Albert Einstein.*

Over the years, Dandavate has grown in stature as an outstanding parliamentarian. He was the railway minister in the shortlived Janata cabinet in 1977-79. He claims he can still deliver a lecture in nuclear physics at the post-graduate level — and in Marathi. Wasn't it a drastic change, Business India's *Ruchira Gupta asked him, from predicting the path of protons and electrons to solving intricate problems of money, finance and economy? "I consider it both an opportunity and a challenge," says Dandavate. "I will do my best."*

Excerpts from the interview.

It is unfortunate that foreign aid has been sought for manufacturing luxury goods. I will not talk of specifics, but we will go in for foreign technology only in essential areas. The accent is on curbing conspicuous consumption. The luxury items

Your party has charged the previous government with cleaning out the government coffers and leaving it empty. Could you elaborate?

Our main concern is our indebtedness. Though the earlier government has put our foreign debt figure at Rs.55,000 crore, the Institute of Finance set up by international banks has estimated our total debt at between Rs.90,000 and 100,000 crore. I have yet to study in detail papers on this subject. But I believe the figure of rupees one lakh crore is true, especially when one adds up external loans with NRI deposits.

So, do you believe that we are already caught in the debt trap?

The situation is already alarming. Our debt service ratio stands at over 30 per cent, which is dangerously high. The normal safe limit is pegged at 20 per cent. So we have to take steps soon to reduce our dependence on foreign loans.

Apart from South Korea and one Latin American country, India is the only country to have a debt service ratio of 30 per cent. Even Pakistan has a ratio around 20 per cent. Do you see this as a fatal slide for our economy which we cannot reverse?

I don't like these comparisons. Like in the case of inflation. It is very easy to get a list of countries whose inflation rates may make ours look like a healthy economy. But inflation can mean different things to different economies.

Does that mean that imports for the consumer sector will be curbed?

It is unfortunate that foreign aid has been sought for manufacturing luxury goods. I will not talk of specifics, but we will go in for foreign technology only in essential areas. The accent is on curbing conspicuous consumption. The luxury items.

Do you mean cars, motorcycles and colour televisions?

I have made myself clear. I cannot go into specifics, but the stress will definitely be on reducing imports in undesirable areas.

Your party had made price rise a big issue last month. What do you intend to do about it now?

You know we have formed a cabinet committee to combat this. We shall certainly quickly take steps to limit the inflationary trends in essential commodities. And as for your statement that inflation has maintained a reasonable level for the most of the last five years, let me add that inflation can mean different things to different

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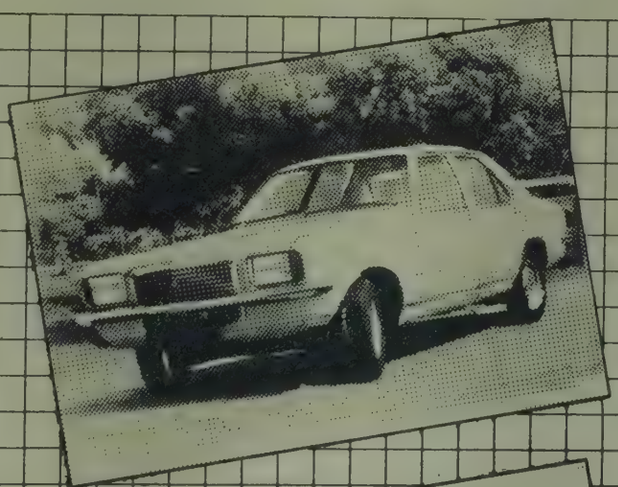

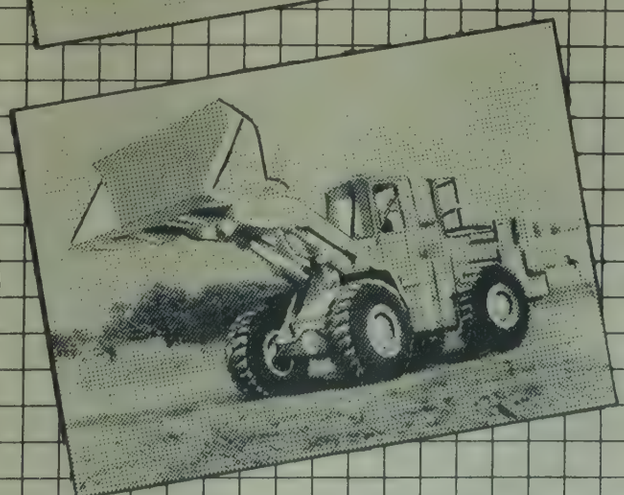

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* Source : Business Standard Survey of top 300 companies (1987-88)

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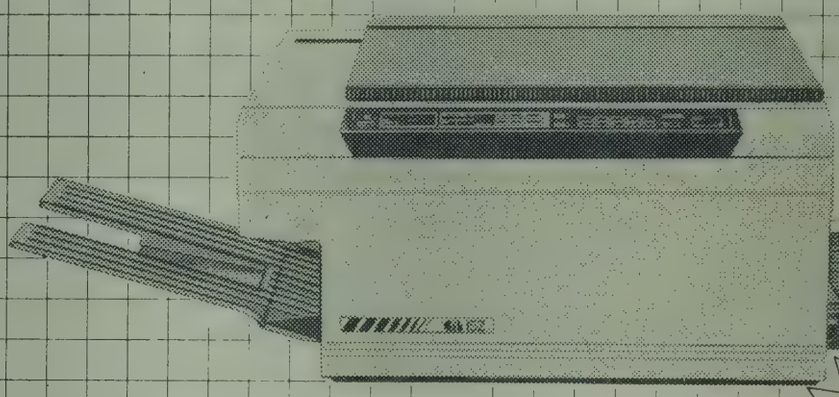

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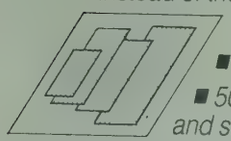

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economies. The developed countries manage to absorb even double digit inflation rates because of their inherent health, while developing countries like ours find it difficult to cope. Of course, the first to be hit here are the poor, who constitute the majority of our population. So we have to combat inflation on a war footing.

But that will entail either increased production or increased imports?
Production, yes. And along with it, we shall ensure a fair distribution system. I don't think production and distribution should be seen as two different entities. An efficient distribution system is an incentive for production.

Are we going to see a reduced deficit in the coming budget?
There is no absolute limit for deficit. It's only a matter of using it for productive purposes. Of course, the huge deficits of the last few years only point towards crisis, and efforts have to be made to reduce it. I think one way would be to crop non-plan expenditure, which has assumed alarming proportions. We are spending too much on ourselves. And of course, we will be cutting down expenditure on security.

Your manifesto says you will invest 50 per cent of the total resources in the rural sector?
Yes. That means agriculture, irrigation, rural development and rural industries all put together.

But in the seventh plan, all this put together was only 20.8 per cent. Where will you concentrate with the additional money?
Well, I am not saying this will happen overnight. We will be moving towards increased investment in the agricultural sector. Our entire investment pattern will be in that direction.

Can you elaborate?
You will soon see what we are doing.

The business community has really been apprehensive over the possible revival of raids. Are they going to be unduly penalised?
Industrialists have nothing to fear if they are open. The prime minister himself has said this, that we shall encourage all legitimate business activity. But stashing away money in foreign banks is not legitimate business activity. Only those businessmen who break legal norms and encourage corruption will be punished. We will go by the dictum of natural justice, with no personalised campaigns. The business sector must work along with us to achieve self-reliance. I don't like the word liberalisation. This is used by all those who believe only in a free market. I would rather use the word openness.

There is widespread criticism about the performance of the public sector. Are you in favour of privatising a section of it?
Mere conversion from public to private sector is only evasion of the problem. About opening the doors to the private sector in road construction, we are planning an in-depth study. The malaise of the public sector companies is their lack of accountability. We will make them more autonomous, but, at the same time, make them responsible and accountable.

Unfortunately, that's a fact. In a lot of public sector units we have not had a steady boss at the top. I have always maintained that this toplessness in the public sector is an indication of warped modernisation

Their inefficiency is also being attributed to government interference?
Unfortunately, that's a fact. In a lot of public sector units we have not had a steady boss at the top. I have always maintained that this toplessness in the public sector is an indication of warped modernisation.

You have clubbed NRI deposits here along with external debt. Is this an indication of a change in policy concerning NRIs?
Well, I will only say this. There has been a disproportionate favour shown to the NRIs. There has hitherto been no limit to the benefits given to foreign investors, which I think is unfair to the Indian counterpart. Both will be brought on par. There will be no undue favour to NRIs.

Do you perceive a change in our taxation structure?
Yes. I do. I believe that the greater the multiplicity in the tax structure, the more the loopholes. The present taxation laws are too cumbersome and will need rationalisation. Simplification of tax laws will help to a large extent in tackling the black money problem. Of course, we must also step up vigilance.

Are you going to raise the minimum taxable income?
I don't want to discuss my budget proposals here.

Are the budget proposals going to be ready on time. Or will you take a vote on account?
There is a shortage of time. But this decision has not yet been taken.

What about the procedure of licensing?
The problem here is similar to that of taxation. If the laws are cumbersome, they come in the way of development and become a hotbed of corruption. In our model of decentralisation which we will adopt, the powers of licensing too will be given outlets at all levels of administration. One need not rush to New Delhi for each and every licence.

Of late, the financial institutions have been in the eye of several storms. What, according to you, will be their role?
We are going to strengthen the role of FIs. This also means that we will have to fully streamline the functioning of the institutions.

What will you do in the case of Reliance and L&T?
Please don't ask for specifics. I shall not take names.

The stock markets have been fluctuating wildly ever since the elections and there are reports that there has been a small slide since it was announced that you would be finance minister.
(Laughs) Well, one thing I can say. That I need not conduct the affairs of the state keeping a suspicious eye on the stock exchange.

One last question, Sir. Will you make changes in your top civil servants?
I am not one to announce the transfer of officers at press conferences!

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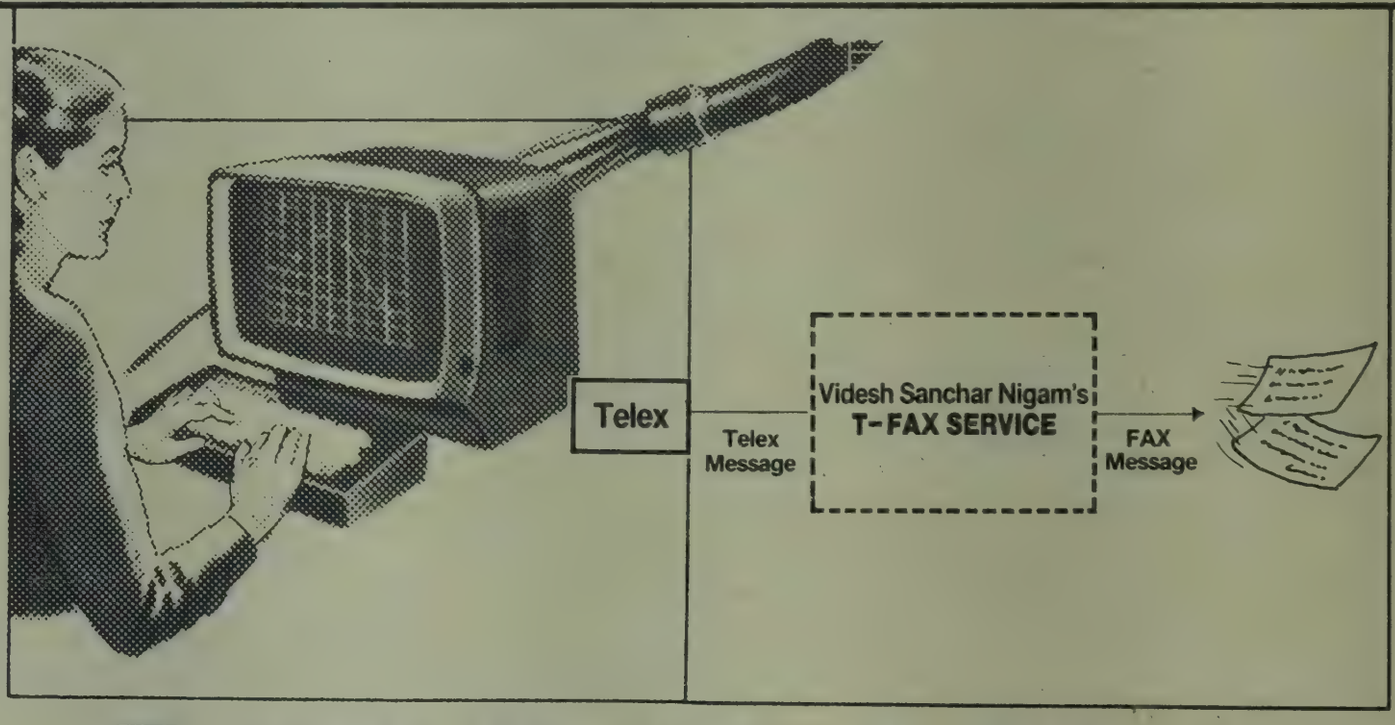

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PRESSMAN

"Modernising agro-industries"

He is the US returned computer engineer who came back home to inherit the legacy of a Jat leader from his father Charan Singh. Relatively new to politics and without the benefit of past experience. **Ajit Singh**, *industry minister still comes out as pragmatic. He spoke to Ruchira Gupta and R.S. Venkatesh of* Business India *on issues ranging from cottage industries to MNCs*

Generation of employment will be any most important target. All industrial development will be aimed at providing more work opportunities. Our manifesto has promised the right to work

Your party manifesto promised a 50 per cent fund allocation to agriculture. Does that mean that other sectors will get a stepmotherly treatment?
Not at all. Why should anyone be afraid? What we will emphasise is more incentives and more expenditure for agro-based industries. Also, we will offer more incentives for industrialisation in rural areas. And why not? Why should all industries be clustered around big cities? Don't people live in the villages? Industrialists should take their entrepreneurial skills to the rural areas. We need an integrated development programme to curb social dislocation.

Does that mean that loans and licences will be given only to industries in villages?
Well, it may make things easier for them.

As minister for industry, on what will your emphasis be?
Generation of employment will be any most important target. All industrial development will be aimed at providing more work opportunities. Our manifesto has promised the right to work, so our system has to be changed to generate more work.

And how do you propose to do this?
The role of small scale and cottage industries will be stressed. Do you know that 30 per cent of our total exports is from these sectors? We even have the handloom sector contributing a lot to foreign exchange earnings. So these areas will play a crucial role, while at the same time generating employment. All assistance will be provided to these sectors even in the field of marketing. These sectors face a major hurdle in the areas of distribution and marketing as they don't have either the big budget or the infrastructure which large scale units have.

What about the large scale sector? Are you against it?
No. Not really. But give us some time, so that we can actually come out with a full-fledged policy.

What will be your attitude towards MNCs?
We will deal with them on a case by case basis, and on merit only. Certainly, those which produce consumer goods and cosmetics will be kept out.

Does this mean you will throw out Pepsi?
I said we will deal with each case separately. But the general guideline is that those needed for infrastructure building wil be welcome and not those interested in manufacturing consumer products. This can be produced locally.

The big industrialists are apprehensive that the process of liberalisation initiated by the previous government may be stopped.
Let me assure them that the process will not be completely reversed. In fact, I believe that competition leads to healthy industrial growth. I want to create a stable climate for industrial growth.

What about the process of modernisation?
Indigenous technology needs to be commercialised along with technology absorption.

Will you be combating the increasing red-tapism?
Yes, most certainly. The entrepreneurial energies of the business community will not be frustrated by bureaucracy.

ASIA-PACIFIC FORUM

Why India should be alert

Some years ago when a few south-east Asian nations discussed the concept of a regional body, Indian policy-makers declared that nothing would come out of the discussions. New Delhi, at that time, was busy playing the lead role in the non-aligned movement which allowed it to occupy quite often a centre-stage position in world affairs. Besides, it had always been critical of various regional bodies, like CENTO and SEATO for instance, and believed that the organisation being talked about in south-east Asian capitals was just another baby whose real father would be the US. Thus, when ASEAN was born we were not present at its birth.

ASEAN's geographical reach would have anyway precluded our entry. But as a large Asian country which was not perceived by others as a formidable and aggressive military power (like China then) we could have, with some diplomatic effort at least got observer status. We didn't try. The result is that today when the idea which we dismissed years ago as unworkable has proven successful, we are nowhere in the picture, unlike South Korea which has become a sectorial dialogue partner of ASEAN.

Making a mistake. We are again repeating our mistake. On November 6, Canberra hosted a 12-nation ministerial level meeting to discuss Asia-Pacific economic cooperation. In addition to the six ASEAN countries (Singapore, Malaysia, Thailand, the Philippines, Burma and Indonesia), the others present were the US, Japan, Australia, Canada, New Zealand and South Korea.

Let us first look at the decisions reached at the meeting. First, the 12 countries have agreed to form a lobbying group against protectionism. For this purpose their representatives in Geneva will meet regularly to keep a tab on GATT talks. Secondly, they have decided to improve the collection and sharing of data on economic trends in the region. Thirdly, they will undertake studies on how to enhance technology transfer flows in the region. Finally, they have agreed to meet again next year August in Singapore and the year after in Seoul.

There is admittedly nothing earth-shattering in most of these four decisions. But the first (to form a lobbying group) and the second (to meet again in 1990 and 1991) are significant.

At the moment, India and Brazil are seen as the leaders of the Third World group in GATT talks. The new lobbying group which is now being set up could shake our position for two reasons. One, this group comprises both economic superpowers and Third World nations. In that sense it has the advantage of having in world bodies the moral authority of economic and political heterogeneity. Two, this curious body consisting of the super rich, the rich and the not-too-well-off nations carries enormous economic weight. Today, half the world output in goods and 37 per cent of global exports are accounted for by these 12 countries. In fact, according to Japan's minister for trade the economic activity in the region will increase by 60 per cent at the turn of this century and will more than double the levels achieved by the European Community.

The 12 countries have agreed to form a lobbying group against protectionism and their representatives in Geneva will meet regularly to keep a tab on GATT talks. This lobbying group could shake India and Brazil's position as leaders of the Third World in GATT talks

The other side of the picture painted in Canberra is the differences which cropped up at the meeting. Though the meeting did give itself a name, Asia-Pacific Economic Cooperation Forum, it was unable to decide whether the forum needed an organisational structure. The other major difference was on the question of including China, Taiwan and Hongkong. The Soviet Union, another country with a presence in the Pacific, was not even talked about.

Resolvable issues. The differences are not insurmountable. The SAARC, for instance, dithered for some time over the question of establishing an organisational structure. But that has not prevented it from going ahead in concluding some agreements. The Chinese question is a bit more tricky. Since Beijing claims sovereignty over Taiwan and will exercise it in less than a decade over Hongkong, the 12 countries will not be able to treat all three as equals at the table. But if diplomatic niceties are used in order not to hurt Beijing's feelings there is no reason why the Chinese question cannot be resolved. It will of course take time, and the 12 countries are unlikely to be in a hurry over the question since China at the moment stands to gain a lot by inviting itself in.

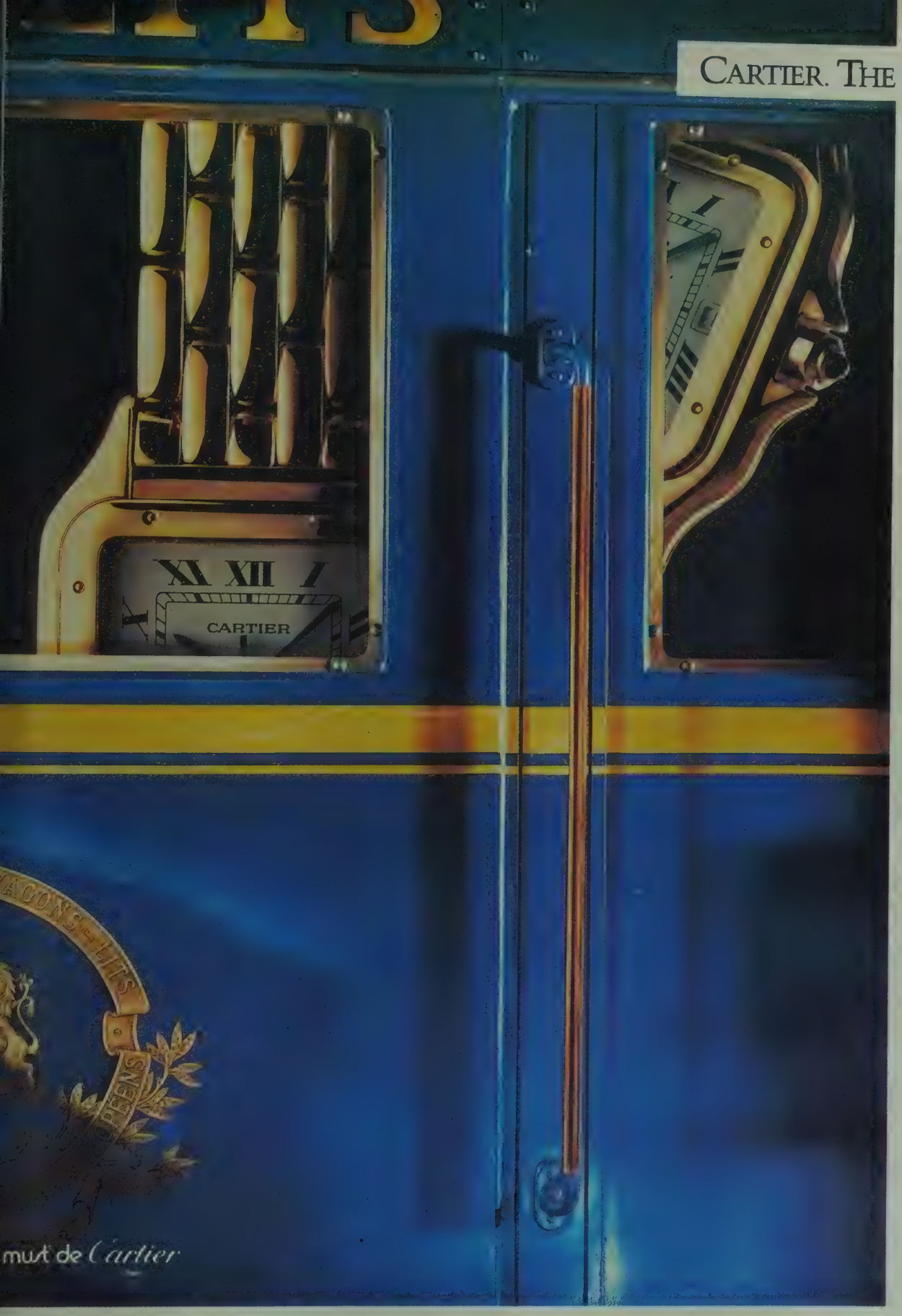
What is of real interest is the perception the participants have about the need for forming a forum of this nature in the first place. In essence, the US sees the body as a useful device to pressure Japan on trade and other related economic matters by confining it within the limits of a multilateral framework. Besides, the body could well serve Washington in future as a foundation for building up a security arrangement in a region which is of strategic importance to it.

For Japan which will be forced to live with a unified Western Europe in a couple of years, the body offers an alternative market for goods, services and resources. This is also true for the three large agricultural producers — Australia, Canada and New Zealand. To them, the Asian countries in the body represent a huge market for their produce which may not gain easy entry into the Europe of the nineties.

For the ASEAN countries the prospect of allowing their markets to be flooded with foreign goods and farm products may not be appealing, but by bringing in both Japan and the US under one umbrella the ASEAN (and South Korea, too) have in some sense achieved their geopolitical and historical objective of creating a system for balancing the growing power of the Japanese in the region.

In sum, the real issue is not the differences which were publicised at Canberra. Those which were not aired are what matters. They point to the fact that the participants have logical reasons, though widely differing ones, to come together as a regional body. It is this logic which is more than likely to add momentum to the discussions held. This is also the reason why we in India should keep alert. We run the risk of being left out in the cold.

■ VIJAYAN KANNAMPILLY



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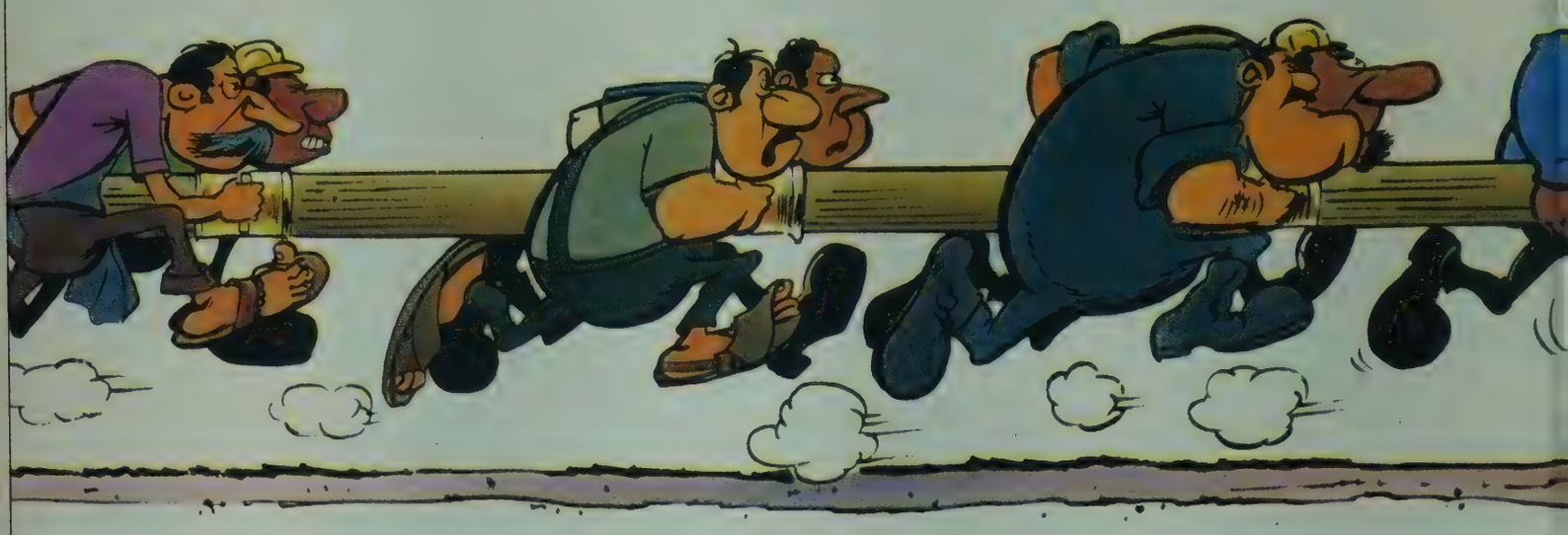

In fact, there seemed to be none in India. Not in 1986. The existing door extractor, on its way to retirement after long service, was of Russian design. The solution had to be provided with various electrically driven mechanisms for latch unscrewing, travelling, door lifting, shifting and swivelling, to guide the burning coke. No one had manufactured such equipment in India. Nobody could. Or so everyone believed.

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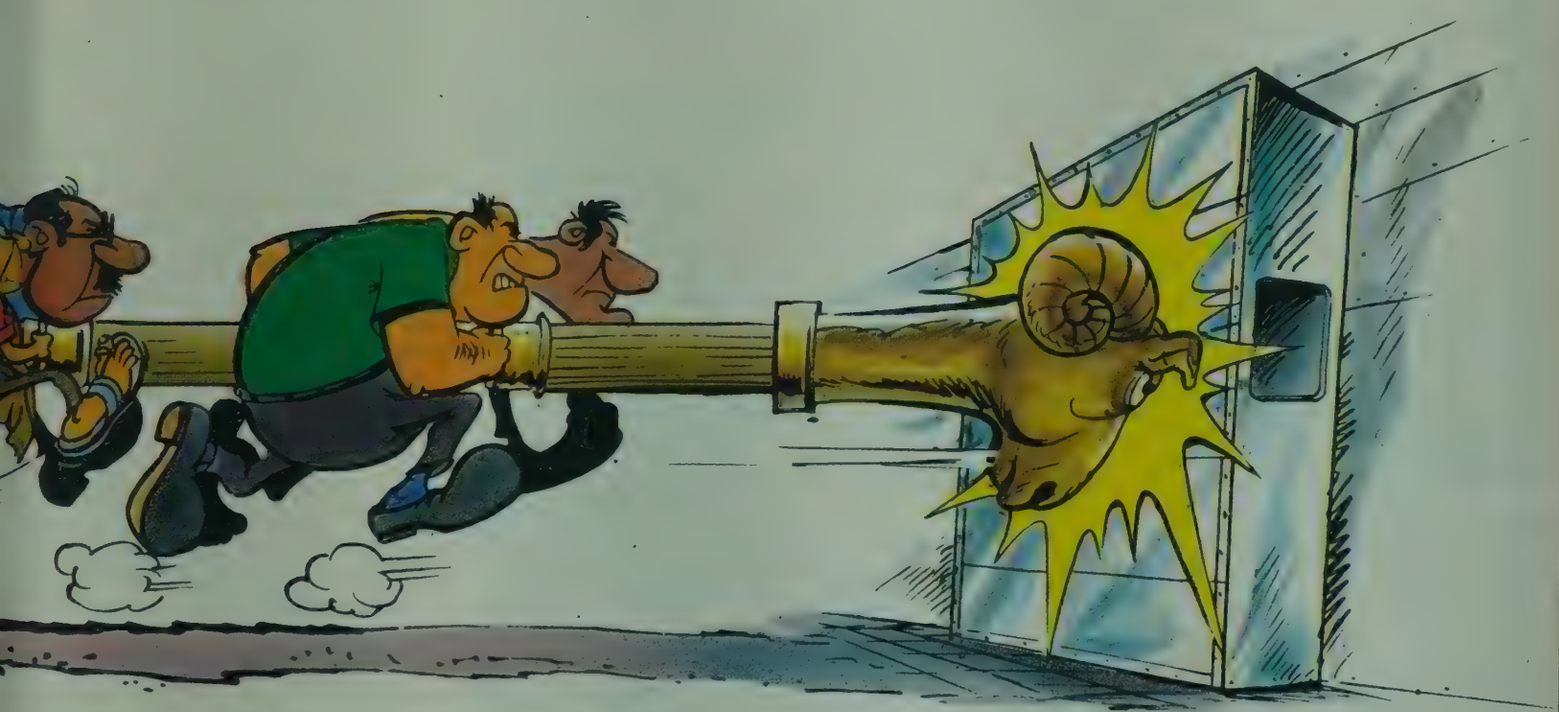

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The World Paper

WIDE WORLD OF SPORTS

Capital games

BY DANIEL SAMPER
in Madrid, Spain

IN 1959 ARNOLD PALMER was a talented young golfer just gaining respect in US golf circles. Mark McCormack was an ambitious 25-year-old attorney who loved sports. A friendly reunion of Yale alumni fused the talent of one with the ambition of the other. The rest, they say, is history.

McCormack told Palmer that he wanted to talk sports and hustled him into a corner. There he asked if he could be his commercial agent. The proposal seemed a bit strange—agents were needed by the likes of Frank Sinatra or Marilyn Monroe—not by sportsmen. Nevertheless, Palmer accepted.

Continued on next page

McCormack (left) and Palmer: a profitable twosome.

AP/WIDE WORLD

Continued from previous page

Today, almost 40 years later, Palmer's skill at putting a little white ball into a hole and McCormack's talent at exploiting that skill commercially have produced many millions of dollars in income for both men. Palmer owns three airlines, several country clubs, a golf course building firm and a network of car dealerships. He makes roughly US$6 million a year just for endorsing the products of several companies. McCormack, known as "Mark the Knife" after a character in the Three Penny Opera, has consolidated a powerful enterprise, the US-based International Management Group (IMG), with millions of dollars in business, 700 employees and offices in 18 countries.

Clearly, that conversation at Yale was not just about sports, but about show business, though the line between the two is blurring. From 1959 on, sportsmen have realized that they can earn money not just with their muscles and skill, but also with their image. "Champions," explains McCormack brashly, "may become creators of dreams, and dreams are priceless."

Well, not exactly. For example, Greg Lemond, the best-paid cyclist in the world, gets $140,000 for wearing a certain brand of helmet, $1.5 million for the T-shirt, $1.2 million for riding a certain bicycle and not another one, more than $100,000 for wearing X brand sneakers, $66,000 for screwing onto his X brand bike a Z brand chronometer while wearing Y brand sunglasses.

Socialist countries are, alongside political perestroika, engaging in a sort of sports reorganization that could be termed "dollarstroika."

> From 1959 on, sportsmen have realized that they can earn money not just with their muscles and skill, but also with their image.

"After the Olympic summits, we have discovered a new summit, less noble but more seductive," wrote a journalist from the Novosti agency in describing the sports-dollar fever in the USSR.

It is little surprise that the magnetism of cash encourages nationality switching—such as Czech tennis luminary Ivan Lendl becoming a US citizen and soccer player Omar Sivori playing first with Argentina, then Italy. It also invites defection from countries that practice sports protectionism, such as Romania. Romanian gymnasts, football players and tennis players have not hesitated to seek political asylum as a way of obtaining "sports asylum."

At the same time, certain countries that offer a type of economic asylum count among their residents illustrious sportsmen that tend to spend little time in the territory they call "home." The favorite flags are Ireland, Luxembourg, Liechtenstein, the Bahamas, Costa Rica, Panama, the Cayman Islands, Hong Kong, Liberia, Bahrain and Nauru. But the foremost of all is Monaco, the "home" of famous car racers, German cyclist Rolf Golz, Spanish golfer Severiano Ballesteros and tennis player Bjorn Borg.

Those who believe that sports consist of noble and chivalrous games, void of corruption, are understandably miffed when observing the circus of wheeling and dealing surrounding champion athletes. In the age of showbiz and media consultants, anything goes. Even the Pope has discovered his marketing potential. The Vatican hired "Mark the Knife" to handle Pope John Paul II's merchandising activities on a visit to England.

Commercial exploitation is indeed so pervasive it is difficult to find fault with individuals in a world where money is the undisputed heavyweight champion.♦

Daniel Samper is *The WorldPaper* associate editor for South America.

Flight of the footballer

Polish star heeds the call of hard currency

By Daniel Passent
in Warsaw, Poland

WHEN POLAND'S national football team arrived in Milan in November 1988 for their match with the Italians, they got their first nasty setback even before the referee had a chance to blow his whistle.

On the day of the match, 22-year-old footballer Andrezj Rudy, one of Poland's best players, failed to show up for breakfast in the hotel restaurant. His room was empty. He was nowhere to be found. Rudy went the way of the legion of Polish sportsmen before him who have sprinted westward—where sports achievements are rewarded with hard currency.

Polish authorities complain that the West is engaging not only in a brain drain but also a brawn drain. They have erected barriers to keep their athletes away from the allure of the hard-currency countries. For example, a Polish athlete can be legally "sold" to a foreign club only after he or she reaches the age of 28. Andrzej Rudy and many others, however, were not prepared to wait that long.

It was later discovered that Rudy's friends in the West hid him first in France, where he signed a preliminary contract with the Monaco club. But Rudy was too valuable of a gem for the transfer to go smoothly. When you rob a jeweler, you never take the biggest diamond—and Rudy was just such a diamond.

Daniel Passent is deputy editor in chief of the Warsaw journal *Polityka*.

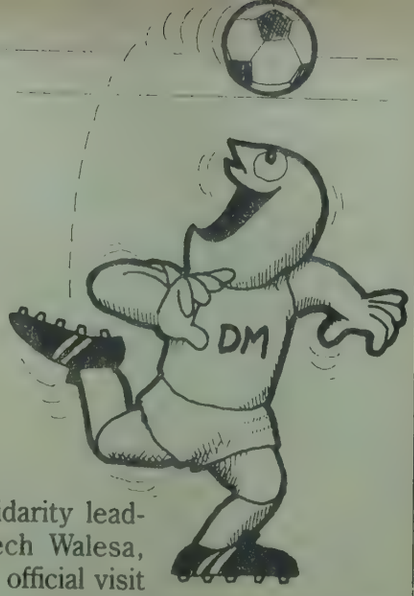
Rudy was certainly a star in Poland. He had just been acquired by a miners' club in Katowice for over US$41,600, a huge sum by Polish standards. His talents were coveted by the managers of the richest football clubs in Western Europe, including Celtic Glasgow in Scotland, FC Koeln in West Germany, and England's Manchester United.

Rudy, in a sense, was a captive of his talents. If he were a bricklayer or engineer, he would have been able to leave for the West without trouble, as more than 1 million Poles over the past 10 years have done. There are agents in Poland who make a living from the trading of football players; they were forever on Rudy's heels. He was a valuable natural resource.

Rudy's fiancee, Ania, and mother of his child, apparently found it unbearable. One day she packed her belongings including a microwave oven, and took off for West Germany, leaving their child with Rudy. Rudy languished at home, missing Ania and his microwave oven. When he finally got to Milan, he could wait no longer.

The Polish Football Association officially protested to FIFA, the international football federation, to bring Rudy back from Monaco. FIFA was not accommodating. They countered that Rudy was an amateur and was free to play wherever he wanted.

In Poland, Rudy had been on the payroll of a coal mine in Katowice, listed as a miner, although he never once in his life descended below ground level. Everybody in Poland knows that footballers earn their bread by kicking a ball around and nothing else.



Solidarity leader Lech Walesa, on an official visit to Bonn, arranged for Rudy to relocate in West Germany. The Germans had no trouble acquiring Rudy from the Monaco team, and he promptly found himself on one of West Germany's best clubs, FC Koeln, and at last reunited with Ania.

Since Polish-German relations are of a delicate nature, FC Koeln was not willing to hire an illegal Polish fugitive without offering to pay Poland handsomely. FC Koeln offered Warsaw $3 million. The Polish Football Association put it to a vote: whether to disqualify Rudy and forbid his joining the Koeln team, losing both Rudy and the money; or ignore his defection and accept the $3 million. The first vote was an evenly balanced 5 to 5. The second vote was 6 to 4 for forgetting the whole matter, and becoming $3 million richer. Andrzej Rudy's dreams thus came true, and yet another rising star of Polish football is playing in the West.

The Polish Football Association has notified FIFA that Poland's players are now professionals. Thus, their interests will be protected in the future, since no club will buy a professional footballer who deserts his team. So Andrzej Rudy was the last "amateur" athlete to defect from Poland. When Rudy defected, he lost the right to play with the Polish national side. He thereby lost honor at home, but gained wealth abroad.♦

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Hoops in the Holy Land

Israel's top team was mostly made in the USA

BY WILLIAM HUTMAN
in Tel Aviv, Israel

THE CROWDS that attend the Maccabi Tel Aviv basketball games are known to get a little verbal—but not just in their native Hebrew.

They shout out words of encouragement in English to ensure that the players on the court will understand them, and talk with pride about Israel's champion basketball team even though at times there is only a lone Israeli-born player on the court.

The real force behind Tel Aviv's success is four US-born players guided by an American coach who screams instructions from the sidelines.

Kevin Magee, Tel Aviv's powerful, 205-centimeter-tall forward, is perhaps Israel's best player of all time, according to the team's media guide. Yet this heart and soul of the Israeli basketball team hails from Gary, Indiana, feels no allegiance to Israel, and would just as soon be playing in Italy if the money were right.

"I play for this club as an American. I'm here for the money, so I can make a living," said Magee in the locker room after leading all scorers with 31 points in Tel Aviv's 103-84 pounding of Austria in a European Cup contest in Tel Aviv on Oct. 31. Drafted by the Phoenix Suns in 1982, Magee earns over US$800,000 a year at Maccabi, where he has played for the last six years.

Tel Aviv, which has represented Israel for the past two decades in the European league, has made it to the finals six times and won the championship twice. Its general manager, Amnon Eshel, makes no apologies for the team's US contingent. "Why should Israel be unlike any other team in Europe?" he asks, referring to the fact that all the top European basketball teams rely on US players. Israelis make competent guards, but not tall, agile forwards and centers. "Tel Aviv would have a joke of a team if it didn't have us American players," says Magee.

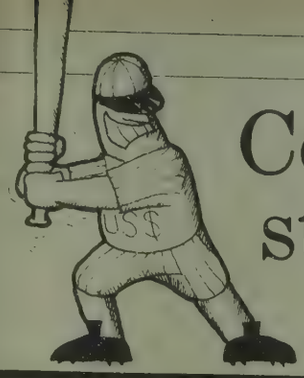
In the game against Austria, three US players on the Israeli squad scored over half the team's points, even without the team's other American standout, Ken Barlow, who was out with a knee injury.

Barlow, a 207-centimeter forward from Notre Dame University, and Magee are officially the only two foreigners on Tel Aviv 13-man roster. The other two US players, Willy Sims, also a forward, and the team's dominating center Lavon Mercer, have Israeli citizenship under the country's "law of return." Under this law, any Jew can become an Israeli immediately upon entering the country. Sims was born Jewish, while Mercer converted to Judaism, qualifying both men to become Israeli citizens and allowing Tel Aviv to skirt the two foreigners per team limit set by the European league.

Last year, thousands of Israelis flew to Munich for the European Cup finals, proudly waving Israeli flags and cheering on their beloved team in their narrow loss to Yugoslavia. But while it may be unfair to ask Israel to suit up only Israeli players, perhaps flag-waving is inappropriate for a national team led by foreigners.♦

PETER SANMARTIN/DEBATE (PERU)

William Hutman is a free-lance reporter based in Tel Aviv.



Corporate sponsors step up to the plate

And hit home runs in the cash game

By Brad Durham
in Boston, USA

THE ISERLOHN, West German professional hockey team teetered on the brink of financial collapse in early 1988. The team's desperate owner, Heinz Weifenbach, struggled to fight off the dissolution of his team, which he had built in six years into a serious contender in the top West German league.

But where Weifenbach turned for assistance blindsided Iserlohn's diehard fans: Libya's Col. Muammar el-Qaddafi, quirky leader of a desert country who previously knew nothing of ice hockey. After this last-ditch trip to Libya to save his team, Weifenbach returned with $900,000 of sponsorship funding from Qaddafi to keep his team in business. In exchange, the team had to feature the words "Green Book" (Colonel Qaddafi's volume of collected wisdom) on their uniforms, thus adding a new color to their jerseys.

The growth of sports sponsorship has proven that the athletic world is willing to jump through hoops for money. Nowhere is this more true than in the United States, the birthplace of sports sponsorship, where corporations rather than oil-rich dictators provide the loot. Sports sponsorship in 1989 will be an estimated $1.4 billion business in the US, according to the Chicago-based *Special Events Report*, an industry newsletter.

Love it or loathe it, the 1984 Summer Olympics in Los Angeles with worldwide television exposure set the ball rolling, orchestrating a quantum leap for business presence in the wide world of sport that shows no sign of diminishing. The 1984 Olympics, under the direction of business-savvy Peter Ueberroth—regarded as the father of sports sponsorship—was the first time that private funds alone were used to fund an Olympic competition.

The Olympics generated $126.7 million in company sponsorship from firms ranging from American Express to Xerox. With Ueberroth's Olympic success, the sports world would, unfortunately, never be the same.

On the vanguard is title sponsorship, in which a company doesn't just fund an event for the right to hang a few signs, but actually nudges in on the event's title. For example, the Orange Bowl, one of the American college football bowl games, will be known from 1990 to 1993 rather laboriously as the "Federal Express Orange Bowl Classic," not to be confused with the Florida Citrus Bowl or the Sunkist Fiesta Bowl, other bowl games heavily steeped in sponsorship. Out of a total of 18 college bowls today, 10 now have corporate sponsors.

Sponsorship is most pervasive in auto racing, which is heavily dependent on corporate support. Cars literally plastered with company logos resemble mobile billboards. The top three US sports sponsors, Philip Morris ($85 million), RJR Nabisco ($60 million), and Anheuser-Busch ($60 million), all heavily subsidize auto racing.

> Sporting events are taking on the character of trade fairs. Goods are peddled with abandon. Logos clamor for attention. Television timeouts for advertising are common.

Companies, through sponsorship, attempt to link their products with the image of a particular sport. "We go after the more positive, masculine sports to sponsor," says Mark Lamping, director of sports marketing for Anheuser-Busch, the colossal US brewery. "Also, sports that appeal to those over the drinking age."

Though a small market, polo attracts the upper-crust consumer. About half its devotees have household incomes in excess of $100,000. Thus, its major sponsors are Cadillac, Cartier, Rolex and Ralph Lauren, the clothes designer who uses Polo as a brand name. Companies pony up an estimated $25 million a year to sponsor polo.

Corporations sponsor nearly every facet of sports. The newspaper USA Today and Anheuser-Busch co-sponsor the balloting for the annual All-Star baseball game. The Canadian oil firm Petro-Canada sponsored a 7,000-mile torch-carrying journey of the Olympic flame to Calgary for the 1988 Winter Olympics. Along the route employees handed out souvenir torches emblazoned with the Petro-Canada logo.

Things can go awry, as Air Canada officials discovered in 1982 when they subsidized an expedition to Mount Everest. The expedition ended in tragedy when one Canadian mountaineer and three Sherpa guides died in separate accidents. The Canadian airline found its name woven into news accounts of the ill-fated adventure.

Though companies are loath to admit it, and even assert that they have the infinite wisdom to know when they have gone too far, the very character of sports in the US is being transformed by its business relationships. Sporting events are taking on the character of trade fairs. Goods are peddled with abandon. Logos clamor for attention. Television timeouts for advertising are common. Some games have been known to begin as late as 11 p.m. to appease sponsors eager for television air time.

In another attempt to impose a business will on sports, the Lousiana Pacific Corporation, sponsor of the Davis Cup tennis series, was so upset at the court manners of notorious badboys John McEnroe and Jimmy Connors that the company's chairman, Harry A. Merlo, persuaded the United States Tennis Association to force players to sign a code of conduct at the beginning of the 1985 season. McEnroe, Connors, and Vitas Gerulaitis subsequently dropped out of the Davis Cup, undermining its ability to draw spectators.

McEnroe summed up his feelings about this "out-of-bounds" behavior by business types by publicly referring to Merlo as "the jerk."♦

Brad Durham is *The WorldPaper* assistant editor.

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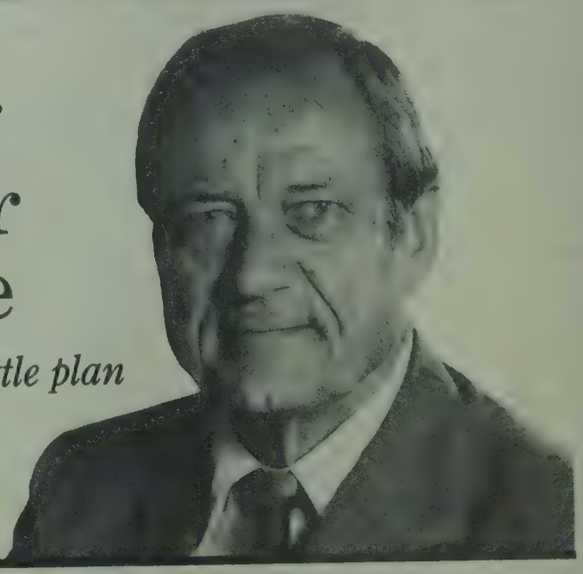
Mobilizing to conquer ignorance

UNICEF chief on battle plan



Over 900 million adults are illiterate in the world, and over 100 million school-aged children cannot attend school. To assist the march of progress to reach a greater proportion of the world, the international organizations UNICEF, UNESCO, the United Nations Development Program and the World Bank are sponsoring a global commitment initiative to provide basic education for each and every citizen of the world by the year 2000. The initiative will congeal in the form of the "World Conference on Education For All" in Thailand in March 1990. Jim Grant, executive director of UNICEF and one of the prime movers behind the initiative, spoke with The WorldPaper *about world education.*

Is there an agenda, and if so, how concrete is the agenda to ensure basic education for the globe by the beginning of the next century?
The agenda for the Education For All conference has already begun, with regional consultations and a draft that will be a framework for action. We are now in the process of setting educational goals.

In every society—national, regional and global—there should be certain quantifiable goals that you work towards. As far as a global goal, for example, there should be a certain amount of learning achieved by 14-year-olds in every country by the year 2000. This focuses not on just being in school but on what they have learned. The agenda is to set quantifiable goals around which people can mobilize. We have set some of the goals, some have been suggested, and they are being debated now.

Education is a right for all children and there is an obligation on the part of society to empower parents and communities with the kind of knowledge that would prevent a child dying from vaccine-preventable diseases, such as diarrhea. We have come to believe that it is simply immoral not to act now.

How are these goals to be achieved after a framework of action has been agreed on?
It is extremely important to have national leadership to stand behind such programs. Part of its success will depend on mobilizing people who are not usually thought of as part of the educational process, such as religious structures and the electronic media. It takes national leadership to make this shift. This is why the proposal for a world summit for children to be held next summer becomes particularly relevant. This proposal would bring President Bush, President Gorbachev, and the prime ministers of India and China together to agree on such a framework of action and provide the leadership in their own societies.

How do you define education, as it relates to the Education For All agenda?
When we talk about education we mean education which includes not only formal schooling, but self-learning, and through non-formal means such as radio, television, religious and commercial channels. There has been a shift in recent years from the important questions being "How many kids in schools?" or "How many schools?" to "What have they learned?" To get the job done we know that formal schooling is important, but we are also learning that other forms of communication work. The past 50 years has brought a revolution in our capacity to communicate the enormous amount of information relevant to people's lives. We can communicate it by the electronic media, radio, TV, computers and fax machines. And every few years the costs of communicating halve.

How would you promote Education For All to a government official of a developing country that is struggling for survival, lacks available resources to devote to education, and regards even basic education as a luxury?
I would underline the importance of basic education and learning skills. I would point out that it is no accident that Japan, Singapore, Korea, Hong Kong, Taiwan—which have had the fastest growth rates in history—also are the countries which early in their development put the highest emphasis on basic education and learning skills. I would point out that the two, education and economic development, go hand in hand.

On how one copes with the cost side, what we do find is that the majority of the countries are caught in relative austerity while at the same time many countries are moving towards more market forces and away from government programs. With this set of problems, I would suggest mobilizing the forces. There are two routes a country can take to give them more bang for their education buck. First, reassess present allocations. Most countries spend more money on the upper and middle education levels than they do on basic education, and I'm talking about governmental funds here. In East Asia, education is relatively free at the basic levels and the user charges increase as you go up to higher levels. But in Mexico and Brazil, it has been relatively free at the higher levels and the costs have been very high at the public school levels.

What role does private business have to play in Education For All?
Employers have a long-term interest in seeing that their communities are educated and that there is a significant role that the company can play to motivate its employees to go on to further education. We have found that in getting people immunized, one of the major channels is to go to the workplace. It is one of the major themes of the conference—capturing the new capacity to reach people. Employers can play a real role in promoting this in the workplace and in the community.♦

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Ceat Tyres

Growth stagnating; margins under pressure; new projects going on; re-entering capital market

With as many as four price hikes in tyre prices during the last year one expects a sharp rise in the profits of these companies. But the boom in the industry definitely seems to have petered out. Declining growth, increasing raw material costs and a gradual erosion in profit margins are few indicators in support of this view.

Even Ceat Tyres a leading unit in the industry is showing signs of stagnation. Gross sales during the period has gone up by just 13 per cent as compared to a growth of 15 and 17 per cent achieved in the two preceding years. Production of automotive tyres has actually declined — albeit marginally, to 24.13 lakh tyres against 25.93 lakh tyres produced in 1987-88. The quantum of sales is also lower at 24.36 lakh units against 26.31 lakh units (down 7.4 per cent). The bulk of the growth in sales is due to a higher unit value realisation at Rs.1,468 per piece against Rs.1,240.

However even this enhanced price has been in sufficient to completely offset the rising input costs. Materials cost in relation to net sales has shot up to 64.4 from 61.8 per cent. In particular the company has to bear the enhanced cost of rubber (average cost Rs.25.68 per kg as against Rs.22.68) carbon and nylon fabric.

Ceat Tyres			(Rs crore)
Period ending	**30 June 89**	**30 June 88**	**% change**
Sales	410.23	364.38	13
Other income	11.03	8.25	34
Excise	90.19	83.86	8
Raw materials cost	206.16	173.46	19
Employees' cost	26.77	23.62	13
Interest	11.90	10.60	12
Other expenses	44.06	40.09	10
Gross profit	42.29	41.00	3
Depreciation	6.44	5.60	15
Taxation	14.50	15.33	5
Net profit	21.35	20.07	6
Share capital	14.76	14.76	
Reserves	101.41	87.67	
Gross block	99.71	79.43	
Dividend (%)	30.00	27.50	
Market price (Rs)			
Current	131.25		
1989: High	180.00		
Low	91.00		

As a result, the profit margins at gross level has declined to 13.2 from 14.6 per cent. In absolute terms the profit shows a rise of just 3 per cent. With depreciation and tax provision claiming an unchanged amount of Rs.20.94 crore the net profit is relatively better at Rs.21.35 crore, up from Rs.20.07 crore. The average earnings per share has also improved to Rs.14.46 from Rs.13.60. This covers the enhanced dividend outgo of 30 per cent by 4.8 times (6.5 times).

To improve profitability, the company proposes to set up a nylon tyre cord/fabric project at Malanpur in Madhya Pradesh at a total cost of Rs.187 crore. Also planned is an expansion of the capacity of its glass fibre division (formerly Deccan Fibre glass company). A decision for expanding the production facilities at the Nasik plant as also for setting up a third plant at Waluj near Aurangabad has also been taken. To part finance these projects, the company plans a convertible debenture shortly.

Meanwhile, anticipating stagnant growth conditions in the industry in the near future, the share price of the Rs.10 paid up share has been hammered down to a low of Rs.115 on an ex-rights basis from a high of Rs.160 ruling a few weeks back.

Mukand

Fourfold increase in exports and thirteenfold increase in export incentives; dividend doubled; plans for backward integration and reducing energy costs; outlook bright

Mukand (formerly known as Mukand Iron and Steel Works) has fared exceedingly well for the nine-month period ended 31 March 1989, despite escalation in input costs, raw material problems, higher interest costs and reduced 'other income'. This improvement was the result of an improved product mix, higher exports, and better sales realisation.

For the nine-month period, net sales was up by 41 per cent at Rs.303.57 crore (Rs.287.77 crore). However, other income declined due to lower income from miscellaneous sources at Rs.1.32 crore (Rs.2.80 crore). Exports at Rs.16.82 crore (Rs.3.95 crore) represents an over fourfold increase on an annualised basis. Export incentives at Rs.16.61 crore (Rs.1.54 crore) represent an over thirteenfold increase on an annualised basis. Export incentives are almost equal to the f.o.b. value of exports as under the International Prices Reimbursement Scheme (IPRS) the exporter gets the difference between the local and the international steel prices.

Scarcity of scrap has forced many electric arc furnace units, including Mukand, to curtail production. As a result, production of billets/blooms declined by 15 per cent to 1.53 lakh tonnes (2.4 lakh tonnes). The average capacity utilisation declined to 76 per cent (90 per cent) and sales volumes of various iron and steel products declined by 5 per cent to 1.49 lakh tonnes (2.08 lakh tonnes). The average sales realisation per tonne, up by 49 per cent minimised the effect of the reduced volumes and escalation in input costs. This was especially so in the case of steel castings, which accounts for more than 10 per cent of total sales. The sales volume and price realisation was higher by 9 per cent.

Despite raw material problems, profitability margins have improved due to various cost control measures taken by the management. Operating Margins improved to 12.3 per cent (10.9 per cent), gross margins to 8.3 per cent (7.0 per cent) and net margins to 5.5 per cent (4.1 per cent). Higher interest charges and tax liability has restricted further improve-

Mukand Ltd			(Rs crore)
Period ending	**31 March 89***	**30 June 88**	**% change****
Net sales incl. income from job work	303.57	287.77	41
Other income	1.76	3.08	– 24
Purchase of goods for resale	3.41	0.95	378
Excise	12.44	15.25	9
Raw materials consumed	150.33	133.36	50
Employees' cost	17.72	20.28	16
Other expenses	118.45	143.49	10
Interest	12.69	11.95	41
Depreciation	5.91	7.33	7
Taxation	2.85	2.30	65
Net profit	17.40	12.57	85
Equity capital	14.74	14.74	
Reserves and surplus (Excl. revaluation reserve)	35.00	25.45	
Borrowings	123.78	82.74	
Gross block	167.44	154.73	
Net current assets	105.12	56.87	
Dividend (%)	20.00	23.00	
Market price (Rs)			
Current	140.00		
1989: High	145.00		
Low	75.00		

* *nine months* ** *annualised basis*

ment in gross and net margins. Return on net worth has improved to 18.3 per cent (15.3 per cent).

With improved working, dividend on pre-bonus capital is doubled on an annualised basis. Last year (silver jubilee year), the company had gifted one or two bonus shares and 3 per cent golden jubilee dividends in addition to a 20 per cent normal dividend. The EPS on post bonus equity is also higher at Rs.11.8 (Rs.12.8 on pre-bonus capital). The scrip has yielded a capital appreciation of about 200 per cent within a year.

The company is planning for backward integration by setting up a plant to manufacture ferro-chrome at a cost of Rs.70 crore. During the period, the cost per tonne of scrap/sponge iron shot up by 46 per cent to Rs.3,615 (Rs.2,475) and that of nickel by 115 per cent to Rs.91,958 (Rs.42,778).

Investments in gross block during the period amounted to Rs.12.71 crore. Power and fuel costs were responsible for costs about 8 per cent of total income. To overcome this, the company installed a convertor at a cost of Rs.8.40 crore. Working capital during the period increased by Rs.48.25 crore to Rs.105.12 crore. This was because of an increase in debtors by Rs.31.56 crore to Rs.70.43 crore. Recovery from debtors, slowed down to 81 days (47 days). To part finance this, borrowings were up by Rs.41.04 crore to Rs.123.78 crore while the balance came from internal accruals.

The sales of the company's machine building division was up by 51 per cent to Rs.22 crore (Rs.19.40 crore). This division has received a prestigious order for a continuous barge unloader valued at Rs.6.20 crore. Exports are also expected to be substantially higher during the current year.

Ballarpur Industries

Excellent working; dividend up two points on annualised basis; various diversification plans on cards; two of three projects with Du Pont in trouble

Ballarpur, the flagship company of the Thapar group, is engaged in the manufacture of paper, vanaspati, refined oils, caustic soda, phosphoric acid and other chemicals. The company has fared exceedingly well in the nine-month period, and the bottom-line, was stagnant at around Rs.3.25 crore for the last six years, has registered over a twofold increase on an annualised basis. This improvement was the result of higher income from investments, increased sales volume and an improved sales realisation.

Ballarpur Industries *(Rs crore)*

Period ending	31 March 89*	30 June 88	% change**
Net sales	327.19	331.10	32
Other income	8.23	7.68	43
Power, fuel and water charges	98.14	89.43	46
Stores and spares consumed	47.58	54.00	17
Excise	37.15	40.35	23
Raw materials consumed	82.14	87.87	24
Employees' cost	27.42	29.16	25
Other expenses	31.48	35.47	18
Interest	15.67	18.19	15
Depreciation	14.05	15.91	18
Taxation	2.35	0.95	224
Net profit	11.65	4.77	225
Equity capital	13.98	13.98	
Reserves and surplus (Excl. revaluation reserve)	73.14	65.41	
Borrowings	139.60	118.43	
Gross block (incl. capitl work-in-progress)	470.85	458.82	
Dividend (%)	18.00	22.00	
Market price (Rs)			
Current	135.00 (XB)		
1989: High	224.00		
Low	64.00		

** 9 months ** annualised basis*

The paper division accounts for about 55 per cent of total sales. During the period, it introduced executive-bond paper and 'sun-shine' printing paper. The sales volume of ordinary paper was up by 11 per cent and sales realisation per tonne up by 12 per cent. For coated papers the figures are 4.7 and 7.5 per cent. The cost of imported wood pulp escalated by 30.4 per cent to Rs.11,508 per tonne (Rs.8,827) owing to a hardening of the US dollar. This, however, was passed on to the consumer. The division plans to diversify by entering into the paper packaging segment. The company proposes to take over the 35,000 tpa extensible sack kraft project of KDB industries which will begin production by the end of 1990.

The chemicals division, which contributes about 18 per cent of total sales, was satisfactory owing to a good monsoon and an improved power supply. The demand for caustic soda and phosphoric acid was encouraging. This resulted in higher sales volume by 47 and 38 per cent respectively on an annualised basis. The sales realisation per tonne also improved by about 11 per cent. The manufacture of caustic soda is power intensive and in order to reduce energy costs, the company is modernising its plants by replacing the existing diaphragm cells with membrane cells. The dismal performance of the shipping division may induce the company to off both its ships and close the division.

The vanaspati division accounts for about one-tenth of total sales. The government has withdrawn the voluntary price control on the industry and has stopped supply of imported oil at a concessional rate of Rs.15,000 per tonne. Since then, imported oil has been more expensive by about Rs.5,000 per tonne. This escalation will be off-set by higher realisations due to decontrol. Exports during the year jumped by 169 per cent (annualised) to Rs.7.55 crore (Rs.3.73 crore).

Margins during the period have improved. Operating margins are higher at 11.7 per cent (10.5 per cent), gross margins at 7.5 per cent (5.7 per cent) and net margins at 3.1 per cent (1.3 per cent). With a higher EPS at Rs.8.3 (Rs.3.4) the company has stepped up dividend which is payable on increased capital after declaring the one for two bonus.

The company is promoting three projects in collaboration with Du Pont, USA. Of these, the collaborator of the Nylon 66 project the collaborator has threatened to withdraw owing to a delay in getting the necessary approvals. Du Pont also is unwilling to go ahead with the hydrogen peroxide project until its liabilities are clarified.

The amalgamation of JG Glass Ltd with the company awaits various clearances. In view of the amalgamation, the company is setting up a glass containers project with a capacity of 150 tpd at a cost of Rs.30 crore. The project is expected to go on stream in 1991.

In Haryana, the company is setting up facilities to manufacture aerated concrete, a building material. In view of the various diversification plans, the prospects appear bright.

Harrissons Malayalam

Higher tax liability and treatment of revenue income as capital results in lower profits; harvest affected by adverse weather conditions; July 1989 storm causes severe damage to tea and rubber plantations

Reap a rich harvest.

9% TAX-FREE RAILWAY BONDS

HIGHLIGHTS

- **Interest exempt from Income Tax without any limit.**
- Choice of 2 interest schemes — Cumulative & Non-cumulative.
- 9% interest p.a, payable at six- monthly intervals under Non-Cumulative Scheme.
- Under Cumulative Scheme, total interest yield of Rs. 1411.71 — an annual return of 14.12%.
- Under Non-cumulative Scheme, Bonds will be issued alongwith post-dated interest warrants which can be encashed automatically on due dates.
- Interest payable right from the date of realisation of application money.
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Public Issue of 10,00,000 Secured Redeemable 9% Tax-Free Bonds of Rs. 1000/- each aggregating Rs 100 crores.

ISSUE OPENS : 18th DEC., 1989
ISSUE CLOSES : 22nd DEC., 1989

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Come... Join the Fund of Confidence

Sobhagya/464/89

The company has suffered a setback in its working for the 15-month period ended 30 June 1989 due to a change in accounting policies, provision for contingencies, increase in cost of stores and spares consumed and higher tax liability. During the period, Guinness of Australia acquired a 40 per cent equity holding from the UK based Malayalam Plantations. Guinness selected the R.P. Goenka group as its Indian partner for managing the company.

During the period, the total income was higher by 4.7 per cent (annualised) to Rs.90.11 crore (Rs.68.88 crore). However, gross profit declined by 12.1 per cent to Rs.13.34 crore (Rs.12.14 crore) profit before tax by 14.8 per cent to Rs. 11.53 crore (Rs.10.82 crore) and net profit by 36 per cent. The tax liability went up substantially to 65 per cent (53 per cent) of pretax profits. This is despite substantial investments made in IDBI capital bonds and in units under the capital gains unit scheme amounting to Rs.1.83 crore.

The company has changed its accounting period to 30 June for administrative reasons. During the period, other income declined by 27.6 per cent (annualised) as the sale proceeds of rubber and grevillea trees amounting to Rs.1.17 crore were credited to capital profits reserve resulting in lower profits by Rs.1.17 crore. In the previous year, the sale proceeds amounting to Rs.1.58 crore were treated as revenue income. A sum of Rs.30 lakh was provided for contingencies (nil). Further, the cost of stores and spares consumed during the period escalated by 30 per cent (annualised) to Rs.8.86 crore (Rs.5.47 crore). Profits after tax during the period were higher by Rs.11 lakh due to a change in accounting methods from cash to accrual basis of the subsidy receivable.

The volume of tea harvested during the period declined by 5.5 per cent (annualised) to 15.4 million kgs (12.1 million kgs). The failure of the north-east rains and delayed spring showers resulted in drought conditions which ultimately affected the crop. Rubber production also declined by 3.7 per cent (annualised) due to adverse weather conditions. The yield per hectare in case of tea was lower at 2,051 kgs (annualised) against 2,178 kgs and in case of rubber it was marginally higher at 1,223 kgs (annualised) against 1,189 kgs in 1987-88.

Due to an improved product mix, realisation per tonne of rubber improved by 15 per cent and in tea cases by about 6 per cent. Exports of tea on an annualised basis jumped by 43 per cent to Rs.11.27 crore (Rs.6.33 crore). Margins were under pressure during the period. Operating margins declined to 15.3 per cent (17.8 per cent), gross margins to 14.8 per cent (17.6 percent) and net margins to 4.5 per cent (7.4 per cent).

The severe storm in July 1989 caused substantial damage to tea and rubber plantations and the management is endeavouring to improve profitability. The company has started direct marketing of teas in both the wholesale and retail areas. The dividend on annualised basis is up by three points to 28 per cent (annualised) from 25 per cent. This speak well of the company for the future.

Harrissons Malayalam *(Rs crore)*

Period ending	30 June 89*	31 March 88	% change**
Net sales	82.50	61.67	7.0
Other income	3.25	3.59	– 27
Excise duty & excess	1.05	0.94	– 10
Raw materials consumed	13.11	11.33	7
Employees' cost	33.28	24.50	9
Other expenses	27.49	18.81	17
Interest	0.45	0.16	125
Depreciation	1.81	1.32	10
Taxation	7.50	5.75	4
Net profit	4.03	5.07	– 36
Equity capital	9.10	9.10	
Reserves & surplus	17.64	15.62	
Borrowings	5.47	0.55	
Gross block	27.47	24.94	
Investments	6.02	2.55	
Net current assets	7.35	4.71	
Dividend	35.00	25.00	
Market price (Rs)			
Current	94.00		
1989: High	101.00		
Low	45.00		

** 15 months ** annualised basis*

Synthetics and Chemcials *(Rs crore)*

	Apr-Sept-89	Apr-Spet-88	Apr 88-Mar 89
Sales	64.27	56.25	119.72
Other income	0.14	0.12	1.14
Total income	64.41	56.37	120.86
Raw materials cost	29.54	29.27	60.93
Salaries and wages	11.68	8.57	17.91
Other expenses	16.52	14.18	30.52
Operating profits	6.67	4.35	11.50
Interest	1.55	1.39	3.02
Gross profit	5.12	2.96	8.48
Depreciation	0.60	0.55	1.08
Taxation	0.65	0.47	1.10
Net profit	3.87	1.94	6.30
OP/sales (%)	10.38	7.73	9.60
RM/sales (%)	45.96	52.03	50.89

TRENDS

Synthetics and Chemicals

Synthetics and Chemicals, the single largest producer of artifical rubber in the private sector, has turned in a praiseworthy performance during the first half of the current year. While sales have gone up by 14 per cent, gross profit has improved by as much as 72 per cent over the corresponding six months of the previous year.

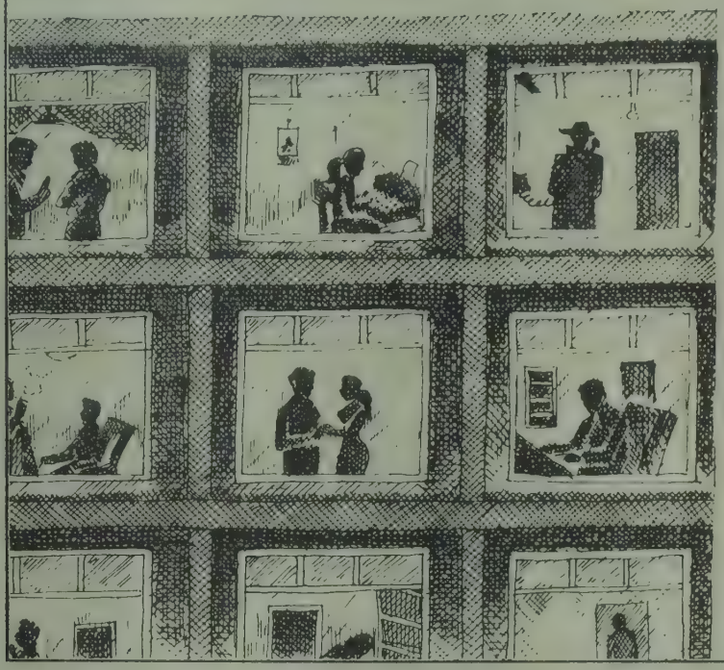
With tyre companies still intending to expand capacity and build new capacities, the company is likely to better its performance in the second half. Synthetics and Chemicals is also planning a backward integration in its distillery, latex and storage divisions. This has resulted in a rise in the depreciation charge and interest burden. The company has recently been absolved of meeting the contingent liabilities aggregating to nearly Rs.25 crore, relating to the payment of vend fees levied by the UP state government for alcohol purchase. The Supreme Court decision in this case, however, ruled out the need to collect the fees already paid to the government.

This decision paves the way for a possible maiden bonus issue as the company's reserves are likely to be strengthened by the accretion to the share premium account in early 1990 on the conversion of the debentures issued in the current year. The above mentioned factors had a favourable impact on the share prices, which is currently quoted at a record level of Rs.85 on the BSE.

Hyderabad Industries

The company has recently announced its half yearly results. Sales has increased by 35 per cent over the corresponding period (6 months) last year. Operating margins have also improved this year. However, other expenses have shot up by 60 per cent. Interest charges have fallen by 10 per cent, a healthy sign of working capital

Can you spot the troublemaker?



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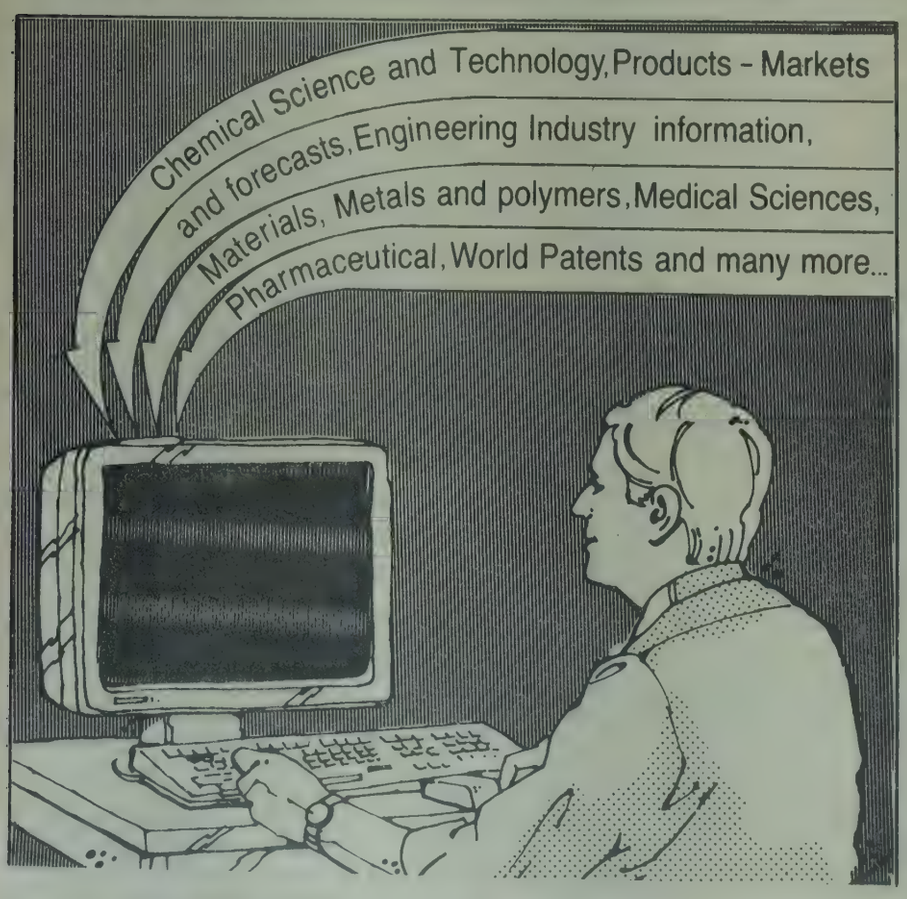
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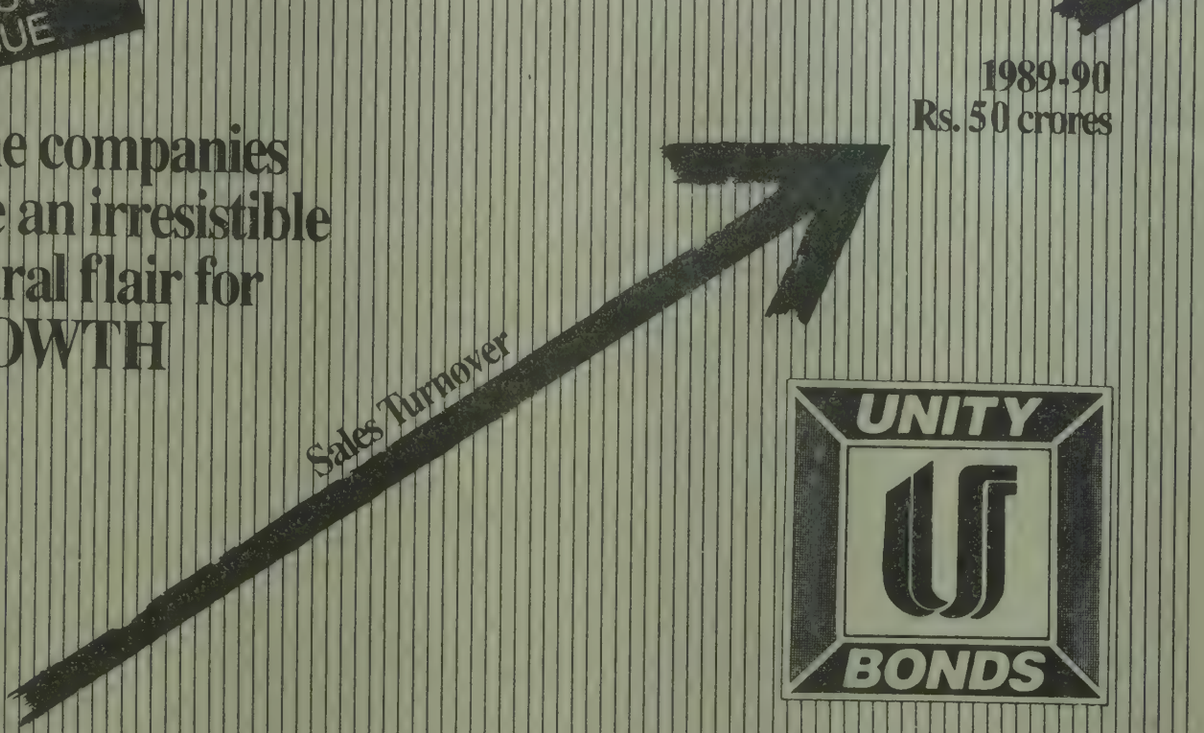
Sobhagya/89

A SPECIAL ALLOY STEEL ISSUE

Some companies have an irresistible natural flair for GROWTH



UNITY BONDS

A lasting testimony to a valued tradition at Unity

With the expansion of its existing plant to 25,000 tpa and the acquisition of the Bhavnagar Unit with an installed capacity of 50,000 tpa, Unity Steels has emerged as the largest steel producer in the State of Gujarat.This, for a seedling which started with an installed capacity of 5,000 tpa a few years back, is a major achievement for all round growth.

The turnover of the Company is projected to increase from Rs. 50 crores in 1989-90 to Rs. 125.33 crores in 1990-91 and to approximately Rs. 130 crores in 1991-92. Gross Profit from Rs. 6.77 crores to Rs. 17.40 crores and Rs. 18.28 crores and net Profit from Rs. 3.50 crores to Rs. 9.09 crores and Rs. 9.69 crores respectively.

Unity Steels is now setting up a project for the manufacture of Pig Iron with an annual capacity of 120,000 tonnes at a projected cost of Rs. 50 crores. The current demand for Pig Iron is being largely met by imports as the production of the same by Steel Authority of India falls far short of requirement. The plant will be set up near Bhavnagar in Gujarat State which is the largest consumer of Pig Iron in India.

Now, Another Masterpiece from Unity.

ISSUE OPENS ON 14TH DECEMBER, 1989

Issue of 2,37,127 14% Fully Convertible Debentures of Rs. 225/- each for cash at par aggregating Rs. 5,33,53,575 with a right to retain 15% excess oversubscription

The Makings of a Great Investment

- Full conversion into 10 Equity Shares at an average price of Rs 22.50 each per Debenture in 12 months against market price of Rs. 72.50*
- Associate Company – Baroda Ferro Alloys & Industries Limited (Recent Issue oversubscribed by 81 times)
- Attractive loan facility arrangement to prospective investors from Banks
- Consistent Dividend Record (Last Dividend 28%)
- Estimated Earning per Share Rs 21.33 for the current year (on annualised basis)
- Technical tie-up with internationally renowned Krupp Industrietechnik, West Germany
- Recently acquired Steel Plant of 50,000 tpa running at 100% capacity.
- Implementation of Pig Iron Project already commenced
- Easy liquidity – Listing at Ahmedabad, Bombay, Delhi and Calcutta Stock Exchanges

* As quoted on the Bombay Stock Exchange on 10.11.89

LEAD MANAGER TO THE ISSUE

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MANAGERS TO THE ISSUE

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Unity Steels Ltd.

413-15, 'Paradise', Opp: College, Sayajigung, Baroda 390 005

Where growth is a way of life

Concept

Hyderabad Industries Ltd (Rs. crore)	April-Sept 89	Jan-June 88	Jan-Mar 89
Sales	66.25	49.13	143.88
Other income	1.97	1.25	5.86
Total income	68.22	50.38	149.74
Raw materials cost	28.31	19.42	58.21
Salaries and wages	2.47	1.78	5.55
Other expenses	37.44	23.41	71.39
Operating profits	8.64	5.77	14.59
Interest	0.91	1.01	2.85
Depreciation	1.10	1.07	2.32
Taxation	2.10	1.50	3.20
Net profit	4.53	2.19	6.22
OP/sales (%)	13.04	11.74	10.14
RM/sales (%)	42.73	39.53	40.46

management. Both raw material costs and tax liability have increased by 40 per cent. Net profit has shot up by an encouraging 107 per cent.

Prakash Tubes

Prakash Tubes which manufactures flourescent tube lamps and steel pipes has been making steady progress since its inception.

During the recent six-month period, the company's sales has increased by 15 per cent compared to the corresponding period last year, but the raw material cost as a percentage of sales has fallen by more than 11 points. The company has a strong financial base with its reserves standing at Rs.11.48 crore against an equity of Rs.3.51 crore as on 31 March 1989.

The company has embarked upon a modernisation cum expansion programme of its lighting division which is to cost Rs.12 crore. To finance this programme, the company has offered convertible debentures aggregating Rs.11.81 crore on a rights basis. On conversion the company's equity capital will be at Rs.9.5 crore.

Prakash Tubes (Rs crore)	Apr-Sept 89	Apr-Sept 88	Apr 88-Mar 89
Year ending			
Net sales	38.60	33.40	71.30
Other income	0.20	0.12	0.48
Raw materials cost	25.23	26.03	47.18
Salaries & wages	1.20	1.00	2.07
Interest	2.18	1.84	3.86
Gross profit	3.01	1.96	5.27
Depreciation	1.56	1.12	2.23
Taxation	0.24	0.13	0.48
Net profit	1.21	0.71	2.56
RM/sales (%)	65.36	77.93	66.17

RESULTS ANNOUNCED

Reliance Industries

The performance of Reliance Industries for the 6-month period ending September 89, although satisfactory, is below market expectations. A strict comparison is not possible, as the corresponding period was for 9 months. However, on an annualised basis, net sales has increased by 8 per cent with a modest 10 per cent growth witnessed in gross profits. The bottomline shows a 25 per cent rise, mainly due to a stagnant depreciation charge of Rs.58.76 crore (Rs.57.86 crore for corresponding 6 months calculated on annualised basis) coupled with a nil tax provision which if any will be considered at the time of annual accounts.

Gross margins have slightly improved to 15.44 per cent from 14.83 per cent in the corresponding period. This reflects the company's ability to control manfacturing and administrative costs as well as interest overheads.

However, the company has not provided for the loss of inventory (Rs.85.02 crore) which it suffered during the unexpected flash floods at the Patalganga complex. This loss is proposed to be adjusted in final accounts against insurance claims and profits/reserves of previous years. This adjustment can have a significant impact on the company's overall results, and looking at the new change of government at the centre, investors are reported to be cautious about the company's future performance in the coming years.

Wall Street Finance

Wall Street Finance, engaged in bill discounting, providing working capital to the transport industry and in the leasing of office and factory equipment, has netted a profit of Rs.36 lakh for the year ended June 1989.

The company has mobilised fixed deposits in a big way using as collection centres, the 360-odd branches of Patel Roadways spread all over India. The final dividend of 12.5 per cent combined by the earlier interim of 10 per cent amounts to 22.5 per cent for the year ended 30 June 1989.

IN BRIEF

Comet Steels plans to commission its annealing and finishing facility shortly. This will cater to automobile, furniture, refrigerator and washing machine manufacturers. For the half year ended 30 September 1989 the company's sales has increased by 18 per cent over the corresponding period last year.

Thapar Agro Mills is embarking upon an expansion cum diversification plan encompassing the setting up of a fatty/stearic acid plant and a soap/soap noodles plant. This will involve a capital outlay of Rs.18.35 crore and will be set up at Rudrapur, UP with a 50 tpd and 30 tpd capacity.

Deepak Nitrite has received clearance and is going ahead with its diversification programme at Nandesari at a cost of Rs.52 crore. This includes the setting up of a 12,000 tonne nitro aromatics and a 1,000 tonne nitrated esters plant.

South Asian Financial Exchange (SAFE)'s gross income has crossed the Rs.1.00 crore mark at Rs.1.17 crore (Rs.0.86 crore in the corresponding period last year) for the six months ended 30 September 89.

RIR International Rectifier Ltd proposes to declare an interim dividend of 15 per cent. For the six months ended 30 September, the company's gross profit is pegged at Rs.73 lakh.

Classic Diamonds has more than doubled its turnover at Rs.37 crore for the six months ended 30 September 1989 as compared to Rs.16 crore in the corresponding period last year.

Arlabs which manufactures a wide range of dyestuffs has declared an interim dividend of 20 per cent.

J.K. Synthetics has received a licence from the government of India to expand its nylon tyre cord capacity to 12,000 tonnes.

Winsome Textiles is going in for expansion cum-diversification which will involve a capital outlay of Rs.4.85 crore. It is likely to increase the installed capacity by 30 per cent.

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Soaring over the seas.
Singapore at sunrise.
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Touch of steel on skin.
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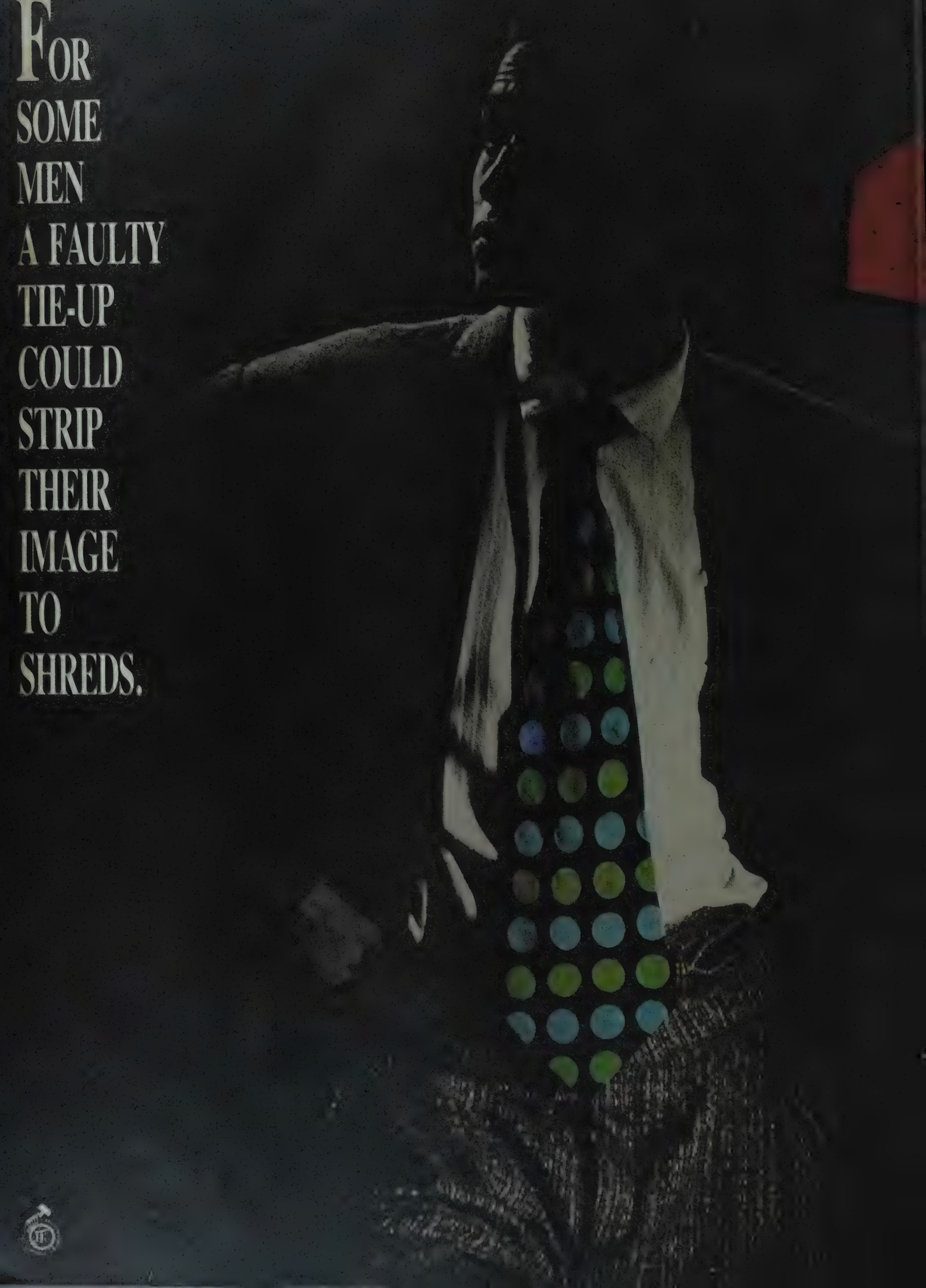
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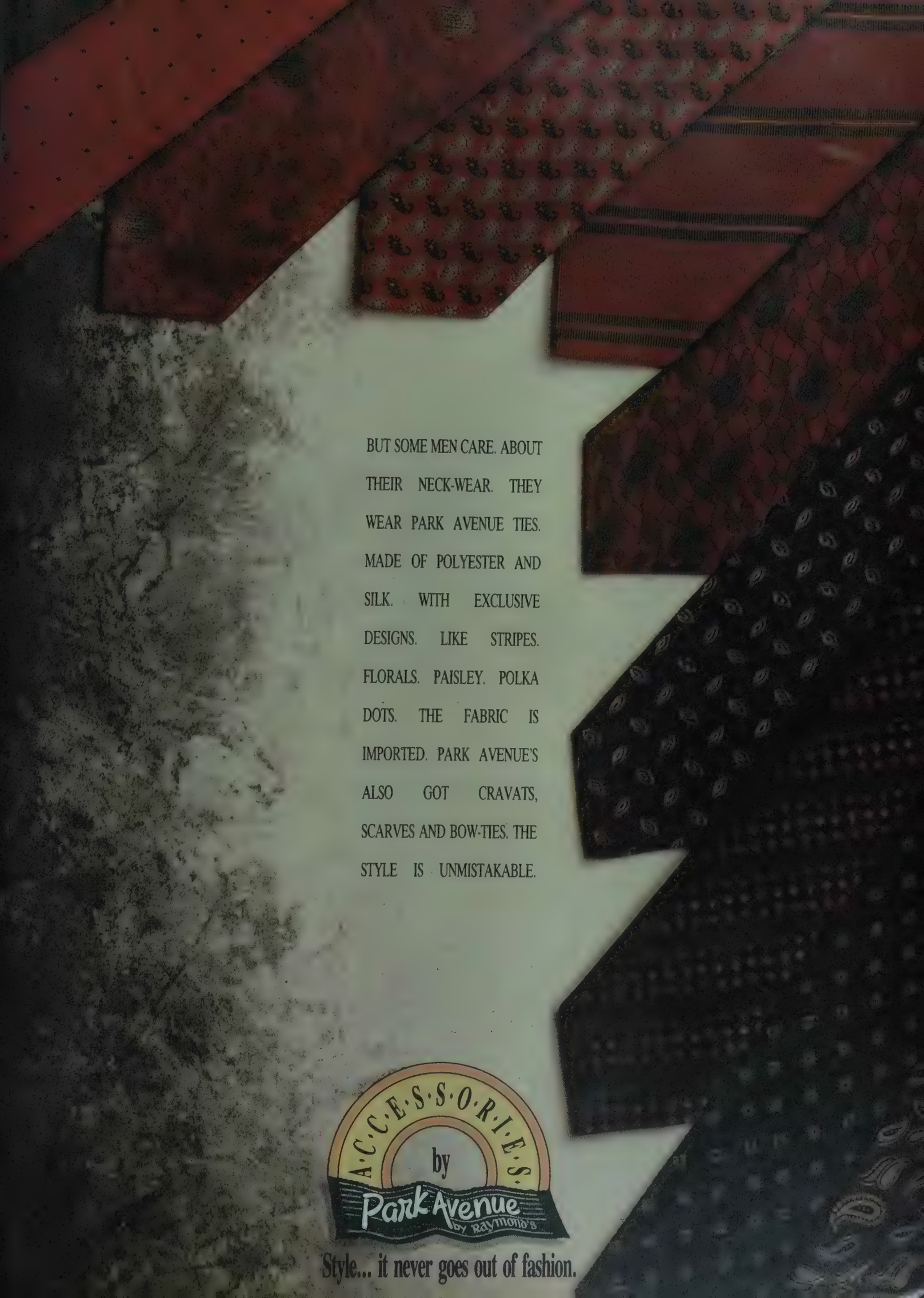
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STOCKMARKET REVIEW

Is the worst over?

(For the period 20 November to 2 December 1989)

BSE National Index on 2 December = 383.57, up from 383.09 (–0.1 per cent).
BSE Sensitive Index on 2 December = 712, up from 708 (0.5 per cent).
BSE Daily Turnover Average for the fortnight ended 2 December = Rs.66 crore, down 6 per cent.
BSE Daily Trading Volume for the fortnight ended 2 December = 6.57 million shares, up 2 per cent.

While the results of the general elections confirmed the observations of the analysts (while confounding other soothsayers), the stockmarket's response confounded analysts as well. After falling shakily through the previous month on the expectations of a Congress defeat, the market rebounded when those expectations finally proved correct. Investors cheered (but from the sidelines), short-sellers started covering and, in their usual inimitable style the financial institutions led the charge. By the time the dust settled, the BSE Sensitive Index had recovered from its two-week low of 676.92 on 29 November to close the fortnight almost unchanged, while over 10 per cent of the shares in the *Business India* stockmarket table touched new highs.

Investors out. Was this a real recovery, or was it due to large-scale short-covering of massive earlier short-sales? The turnover figures, which showed a slight fall and stayed much below the Rs.100 crore average of the first half of the year, showed that investors were still out of the market.

Most of the turnover continued to be abnormally stronger in the A group of forward shares (the ratio of A to B group turnover in Bombay was 6:1 for the fortnight versus the ratio of 3:1 found in the first half of 1989). This suggested that forward traders were busy buying A group shares. Such a situation is compatible with a big recovery, but given the heavy short-sales before the elections, and given that two of the BSE's big bear operators in Tata Steel were found to be busy covering Tata Steel on 26 November, the more likely conclusion is that the mass of purchases represented short-covering of the bear group rather than fresh purchases by bulls.

There were two reasons why bears were so keen to cover their position. The first was the unusually high level of institutional support, which partly took the form of verbal encouragement, when the UTI chairman reportedly urged UTI's brokers not to panic, at an informal gathering on 29 November (one invitee to the gathering quipped: the institutional slogan of yore "The sky is the ceiling" has now become "There has to be a floor to prices, so let's find it").

Of course, there was unusually strong buying support as well. Institutional purchases, which normally average Rs.4 crore per trading day, are estimated to have been 4 to 5 times this level over the fortnight. Institutions were particularly active in supporting Tata Steel, Century, Great Eastern Shipping, and Grasim. However, as past experience has shown, institutional purchasing has only temporary effect and could not have caused the large recovery witnessed, as for example in Tata Steel, which rose from its low of Rs.104 to Rs.113.75.

The second more important reason was not so much the Congress' defeat in the North but the erstwhile opposition's defeat in the South. This removed, in the market's mind, two important but (for the stockmarket) unpredictable contenders for prime ministership from the running, viz. N.T. Rama Rao and R.K. Hegde, leaving the way clearer for the more known V.P. Singh.

Earnings improve. Good corporate news, meanwhile, continued to pour in the form of half-yearly earnings announcements. As many as 68 of the 303 companies in the BI stockmarket sample announced their half-yearly earnings over the fortnight. This shows an average earnings jump of 61 per cent over the corresponding previous half-year, which far exceeds the inflation rate and suggests that the economy is clearly in for another good year of growth, which will probably exceed 7 per cent (GDP growth was 9 per cent in 1988-89, but on a lower base after a bad monsoon).

The important companies which declared half-yearly earnings increases in excess of 50 per cent included Alfa Laval, A.P. Paper, Bombay Dyeing, Britannia, Excel, Gujarat State Fertiliser, Great Eastern Shipping, Hindalco, Hoechst, Raymond Woollen, Synthetic & Chemicals, Tata Tea and Videocon International. However, the prices of these shares increased by a mere 11 per cent on average over the fortnight. This was partly because the announced increases had been anticipated to an extent, as was probably the case for Hoechst, which rose by a modest 7 per cent even though half-yearly earnings were up by 93 per cent; it was partly because the results reflected good times which were not expected to last over the next 6 months, as for Hindalco which announced a whopping 314 per cent jump in 6-monthly earnings (thanks to aluminium price decontrol early this year) but the next 6 months are expected to be worse because of falling international aluminium prices. The share increased by 8 per cent over the fortnight to Rs.271.25.

Similarly, Tata Tea's earnings for 6 months jumped by 50 per cent but the second half includes the dry season for the Northern tea gardens and is unlikely to be as good. In fact, its share price fell by 2 per cent over the fortnight to Rs.185. Bombay Dyeing jumped the most in the A group, rising 24 per cent to Rs.177 although half-yearly earnings rose even more by 75 per cent, while A.P. Paper led the pack, rising 44 per cent to Rs.800 on the back of a 268 per cent jump in earnings.

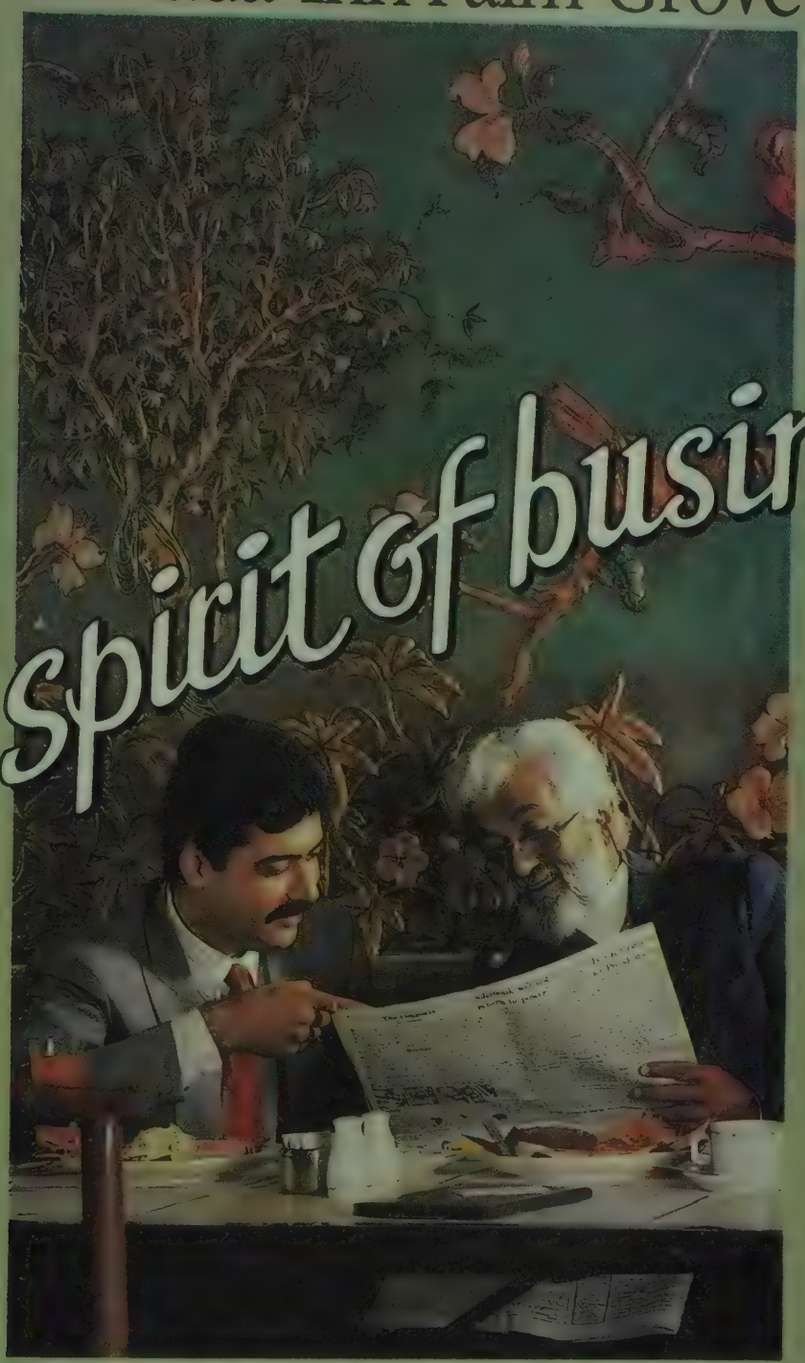
There are probably lots of price rises still left in the shares that have announced their half-yearly performance. This should help the market. The caveat continues to come in the form of political uncertainty. V.P. Singh's economic policies, given his past record, will probably be clearly stated and enacted upon. This is to his credit. But if he foresees another general election fairly soon, there could be political pressure to announce pro-rural and possibly anti-industry measures.

Pending a clear announcement of his policies, marketmen may continue to hope for the best, but the market will probably continue to vacillate. In addition, institutional support will probably be less important once the current wave of short-covering is over. Over the past year, institutional support has tended to wane, once

BSE Sensitive Index

Date	Event	BSE Sensitive Index
10 Oct 88	Index crosses 700 for the first time	704.8
10 Oct 88 to 30 Nov 89	Average daily closing value of the index	708.2
10 Oct 88 to 30 Nov 89	Range of the index	Max: 798.01, Min: 625.32
10 Oct 88 to 30 Nov 89	Percentage of times the index was within 5 per cent of 700	665 to 735 = 62 per cent

Ramada® Inn Palm Grove



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Dattaram-R19/89

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ıe BSE Sensitive Index crossed 700. The ıdex crossed 700 for the first time on 10 ctober 1988.

It is worth noting that since then, its av-ıage daily closing level has been 708 (see ıble). Further, on 62 per cent of the days nce 10 October, the index has stayed ithin 5 per cent of 700. Ever since the ıarket started to react to political news in ctober, the average index level has been 24, and institutions are probably likely to e content once the index returns to that vel. A further problem for institutions ill be that an important component of ıe index is Reliance Industries. But sup-ıorting Reliance in order to shore up the ıdex may no longer be politically feasible. ıe message for investors continues to be ıuyers beware".

RAFIQ DOSSANI

ARRI-PASSU CLAUSE

Problems galore

ll a few months back, there was more an one rate quoted for the same class of ares, the differentiation being based on e period of issue of shares. The old Re-ınce shares, for instance, were quoted at .210, while the 'G' series, shares arising ıt of the conversion of debentures were ıoted at Rs.165 and the (new) rights ares at Rs.125. In other words, the new ares arising out of either conversion of bentures or rights issue were not eated on par with the existing listed ares.

The price differentiation in many cases illustrated above, ranged at unbelieva-high levels between Rs.40 and 80, al-ough the actual difference should have en no more than the differences in the ividend entitlement of the different types shares in the same class.

ıfair deal. Realising the unfair deal eted out to the investors, the Bansal ımmittee recommended abolition of the actice of having different rates. It advo-ted, instead, a uniform rate for all shares the same class. This suggestion of treat-new shares on par with the existing es, and limiting the difference to the ex-ıt of dividend entitlement, was adopted the various stock exchanges, after ıch acrimony and vehement opposition ım a powerful stock exchange brokers lobby.

Subsequently, new shares were allowed to be tendered for delivery in any transaction with the proviso that the dividend amount calculated on the basis of the last declared dividend would be deducted from the sale proceeds of these new shares by the selling broker and passed on to the purchasing broker.

While implementing this laudable parri-passu provision, the stock exchange authorities failed to visualise or anticipate the various problems which cropped up subsequently. In fact, in many cases, the problems defeat the very objective of giving a fair deal to the investors.

To cite one example, Haryana Petrochemicals, a non-dividend paying company, issued rights shares in September 1988. These shares were listed by the Bombay Stock Exchange (BSE) authorities in February 1989. These new shares were entitled to dividend, as per the terms on the share certificate only from 1 April 1989. However, at the time of listing, the company had not paid any dividend in the previous year. As such, the BSE authorities allowed the new shares to be tendered in delivery along with the old shares without dividend deductions.

A leading broker, who had purchased nearly 55,000 shares was thus obliged to take delivery of nearly 18,000 new shares along with the previously listed shares. Subsequent to the completion of the accounting year (March 1989) the company declared a maiden dividend of 10 per cent. Clients of this broker, who were fortunate to have received the old shares, were entitled to receive the dividend while the less luckier ones had to forego the dividend though no fault on their part.

Substantial losses. Apart from this discrimination unwittingly perpetuated on the investors, investors with new shares also lost substantial amounts when they sold the shares on a cum-dividend basis and tendered the new shares after the closure of the record date fixed for determining the dividend entitlement. The dividend of 10 per cent was cut from their sale proceeds for selling the shares on a cum-dividend basis and another 10 per cent was deducted for tendering the new shares against the old ones.

In other words, the investor who had in good faith accepted the new shares not only had to forego the original dividend entitlement but also lose twice the dividend amount at the time of sale. The deduction of dividend twice at the time of sale, as allowed by the stock exchange authorities, is clearly inequitable. Worse still, it is illogical as the shares became parri-passu in all respects from 1 April 1989, the start of the new financial year. The question then remains: why should the investor lose his dividend entitlement for abiding and honouring the stock exchange's rules?

In Haryana Petro's case, the investor lost only 20 per cent. In the case of new shares issued by existing dividend paying companies, the difference is even more pronounced, especially when the companies allot the shares during the intervening accounting period. For instance, a person who sold new Unitech shares on a cum-dividend basis, and tendered it after the book closure date, had to forego nearly Rs.5 per share from his sale proceeds, 25 per cent being the dividend entitlement and another 25 per cent because the new shares were allotted on 4 April 1989, four days after the closure of the accounting period!

Utter disregard. The difference of a mere four days in allotting the shares after the closure of the accounting year would effectively ensure the non-treatment of the new shares on a parri-passu basis for two years or even more, when the second financial year is extended for 15 or 17 months. This also puts the spotlight on companies like Unitech, on their utter disregard for investors' interests.

These are not isolated cases. In fact, similar problems are expected to arise in every case where a non-dividend paying company issues rights in a particular year and declares maiden dividend thereafter.

To stop, or at least reduce, the loss of dividend to investors accepting delivery of new shares, it is suggested that the stock exchange authorities, before granting consent for listing new shares get in touch with the company's directors and seek a tentative idea about the dividend declaration. While listing the new shares thereafter, the authorities can direct the brokers to deduct the proposed dividend amount.

In cases where this is not possible, the authorities could allow a marginal difference of Re.1 or Rs.2 between the prices of the new shares. Alternatively, the non-dividend paying companies could be asked to issue shares which would rank on a parri-passu basis with the existing shares in all respects, including the right to receive the dividend on par with the entitlement on the existing shares.

■ DAKSESH PARIKH

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Unaudited Financial Results (estimated) of six months ended 31 August 1989.

(Rs. in Lakhs)

Particulars	**Six months ended 31 Aug 89**	Six months ended 31 Aug 88	Previous accounting period ended 28 Feb 89 (18 months)
Income			
Net Sales	**1501.25**	805.05	2454.83
Other Income	**8.22**	2.29	13.55
	1509.47	**807.34**	**2468.38**
Expenditure			
Material Cost	**1074.73**	631.98	1891.61
Manufacturing and other expenses	**157.82**	69.23	241.32
Interest	**104.70**	34.98	105.19
Provision for depreciation	**22.33**	8.79	10.65
	1359.58	**744.98**	**2248.77**
Profit before tax	**149.89**	62.36	219.61
Provision for taxation	**—**	—	—
Net Profit	**149.89**	62.36	219.61

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spat Alloys

pat Alloys Ltd is an existing dividend ying company at Balasore, Orissa. The mpany which commenced commercial roduction in January 1987 makes silicon etal and ferro silicon. During the 16-onth period ended April 1989 turnover f the Ispat Alloys reached Rs.19.53 crore annualised Rs.14.65 crore) and net rofit, Rs.2.04 crore (annualised Rs.1.53 rore).

A massive diversification cum expan-on programme has begun at a cost of s.132 crore. The first phase of the project hich consists of setting up a captive ower plant and an installation of a sec-nd furnace is already completed at a cost Rs.26 crore. During the second phase w under implementation, the company ill set up a 100 per cent export oriented nit to make 22,500 tonnes of charge rome at a cost of Rs.60 crore. Simul-neously the company will set up another nit to manufacture high carbon fer-chrome for the domestic market. This nit will cost Rs.46 crore and will make ,000 tonnes of ferrochrome a year.

In the present issue, each debenture of .220 comprises of two parts: Part 'A' of .60 and part 'B' of Rs.160. While part A ll be converted into two equity shares of .10 each at a premium of Rs.20 at the d of 6 months from the date of allot-ent, part B will be converted into an ap-opriate number of equity shares at a emium to be decided by CCI later bet-en 18 to 24 months from the date of otment.

Charge chrome is a basic raw material the production of stainless steel. Its rldwide requirement is growing rapidly e to the increased usage of stainless el for defence, commercial and indus-al applications. A 100 per cent export ented unit in charge chrome is also via-ble because, "India has the world's second largest chrome ore deposits," says M.L. Mittal, chairman of the company. At present it is basically exported to Japan, South Korea and Europe as a low value chrome ore. "But when converted into charge chrome it will have a 100 per cent value addition," explains Mittal.

Ispat Alloys' proposed export oriented unit will thus earn valuable foreign exchange for the country. Further, the other proposed product, high carbon ferrochrome, is also poised for rapid increase.

spat Alloys	
sue opens	: 19 December 1989
ze of the issue	: Rs.100 crore
o Indian public	: Rs.17.41 crore
strument	: 14 per cent fully convertible debentures of Rs.220 each
bject of the sue	: To part finance expansion and diversification
ocation of the roject	: Existing site at Balasore, Orissa
sting	: Calcutta, Bombay and Delhi

Premier Housing and Industrial Enterprise

Although several housing finance companies have been set up, not many housing development companies are. Premier Housing and Industrial Enterprises (PHIE), will tap this area of business.

PHIE's main activities relate to housing development, construction of houses/apartments and will gradually extend to the manufacturing and marketing of select building materials. "Although the former will be undertaken immediately, the identification of the second is going-on," says M. Narayanmurthi, managing director, PHIE.

The company has finalised two projects at Bangalore and Madras for the construction of row-type houses at a cost of Rs.12 crore and Rs.3 crore respectively. "Construction activities will initially be concentrated in the South at Bangalore, Hyderabad and Madras. Later on we will move to the other parts of the country," explains K. Raman, chairman of PHIE. The company is also keen on tie-ups with institutions like HDFC and Can Fin Homes to finance their projects.

PHIE makes a unique offer of incentives to original shareholders. This will be in the form of discounts on price of apartments/houses which in turn will vary upon the number of shares held with a minimum of one per cent of the value for an original holder of 200 shares to a 2.5 per cent of the value for a holder of 501 shares and above.

Premier Housing and Industrial Enterprises	
Issue opens on	: 15 December 1989
Size of issue	: Rs.1.80 crore
Offer to Indian public	: Rs.1.35
Instrument	: Equity shares of Rs.10 each
Promoters	: K. Raman and M. Narayanmurthi
Project	: The proposal is to acquire land, develop it as housing apartments and sell them to customers
Listing	: Madras, Bombay, Ahmedabad and Bangalore

Unity Steels

Unity Steels, the manufacturer of alloy steels is entering the capital market to raise funds for the purchase of an old steel plant. The company has entered into an MOU with KEC International (an RPG group company) for the takeover of its ministeel unit at Bhavnagar, Gujarat. It cost Unity Rs.3.35 to take over the 50,000 tonnes capacity plant and set it into operation from August this year. This dividend paying company's existing unit at Halol, Gujarat has also been modernised with its capacity being increased from 5,000 to 25,000 tonnes. "With our new acquisition, we will be the largest steel producer in the state of Gujarat," claims A.S. Bhattar, managing director of the company.

The company hopes to achieve a turnover of Rs.50 crore in 1989-90. This is expected to go up to Rs.125 crore next year. However, all projections are based on efficient running of the newly acquired Bhavnagar unit, which had earlier incurred heavy losses. The company has the sanction for setting up a pig iron project with an annual capacity of 120,000 tonnes at a cost of Rs.50 crore. There are also plans to install balancing equipment to make superior grade of steel.

Unity Steels	
Issue opens	: 14 December 1989
Size of the issue	: Rs.5.33 crore
To Indian public	: Rs.1.89 crore
Instruments	: Fully convertible debentures of Rs.225 each
Conversion	: Full conversion into equity shares of Rs.10 each at a premium of Rs.12.50 each
Object of the issue	: To part finance the purchase of a steel plant
Listing	: Ahmedabad, Bombay and Delhi

Company	Year	Equity	Re-	Book	Price	52 weeks		EPS in Rs		PE	Divi-	Yield	Bonus	
Face value	Ended	Rs Cr	serves Rs Cr	value Rs	1.12.89	High	Low	Year	Half-yr	Times	dend %	%	Year	Ratio
A.P.SCOOTERS,10	07/87	9.94	-13.25	-3.33	3.00	6.00	2.00	-4.8			11.0	36.7		
ACC,100	03/89	55.95	81.30	245.31	314.00	415.00	237.00	4.5	1.9	69.8		3.6	86	1:5
AHM ELECTRIC,100	03/89	19.81	67.58	441.14	300.00	380.00	132.50	27.7	11.8	10.8	16.0	5.3	87	1:5
ALFA LAVAL,10	03/89	5.21	21.57	51.40	95.00	95.00	54.00	12.0	6.0	7.9	25.0	2.6	89	1:2
AMAL RASAYAN,10	03/89	1.48	5.14	44.73	70.00	147.50	70.00	18.2	2.6	3.8	25.0	3.6		
AMB SARABHAI,10	03/88	22.20	-1.72	9.23	17.50	24.00	10.50	0.8		21.9			82	1:5
AMFORGE,10	03/89	5.33	11.32	31.24	94.00	97.00	64.80	7.0	6.3	13.4	25.0	2.7		
ANDHRA CEMENT,10	03/88	18.20	-2.70	8.52	10.00	16.75	8.50	0.7	-4.0	14.3	10.0	10.0	67	1:2
ANDHRA VALLEY,100	03/89	10.51	49.73	573.17	315.00	405.00	272.50	126.5	106.4	2.5	18.0	5.7	75	1:9
ANDREW YULE,10	03/87	9.41	22.81	34.24	56.00	72.00	16.50	2.2		25.5	10.0	1.8	67	2:5
ANNAPURNA FOILS,10	03/88	9.05	0.00	10.00	7.00	17.00	6.50							
APOLLO HOSP,10	06/88	5.44	1.33	12.44	12.00	19.00	10.00	3.7	1.2	3.2	15.0	12.5		
APOLLO TYRES,10	10/88	7.75	14.19	28.31	66.00	136.50	60.00	19.1	7.9	3.5	25.0	3.8		
APPLE LEASING,10	03/89	3.75	0.81	12.16	26.00	26.00	7.50	4.3	3.9	6.0	35.0	13.5		
ASEA,10	12/88	5.18	8.25	25.93	55.00	77.50	42.50	3.0	1.6	18.3	21.0	3.8		
ASHOK LEYLAND,10	12/88	21.39	84.87	49.68	91.50	91.50	59.00	8.1	2.2	11.3	21.0	2.3	78	1:2
ASIAN CABLES,10	03/89	5.59	7.32	23.09	38.00	70.00	16.00	5.8	2.4	6.6	18.0	4.7	81	1:3
ASIAN HOTELS,10	03/89	15.05	4.81	13.20	59.00	62.00	48.00	4.1		14.4	25.0	4.2		
ASIAN PAINTS,10	03/89	12.44	41.02	42.97	202.50	223.75	165.00	12.2	6.2	16.6	42.0	2.1	87	1:2
ASSAM CO,10	03/89	7.00	26.02	47.17	280.00	280.00	90.00	16.8	8.6	16.7		2.7	89	1:1
ASSAM FRONTIER,10	03/89	3.00	10.53	45.10	236.25	236.25	120.00	13.7		17.2	50.0	2.1		
ASTRA IDL,10	03/89	2.50	2.97	21.88	63.00	72.00	32.00	4.9		12.9	10.0	1.6		
ATLAS COPCO,10	03/89	7.26	7.95	20.95	44.00	57.00	33.00	0.8	0.2	55.0	10.0	2.3	87	1:2
ATLAS CYCLE,10	06/88	1.53	13.93	101.05	90.00	152.50	90.00	14.7	7.4	6.1	20.0	2.2	87	1:2
AVERY INDIA,10	12/87	4.20	9.34	32.24	108.00	144.00	106.00	8.6		12.6	35.0	3.2	84	2:5
BAJAJ AUTO,10	03/89	18.81	219.74	126.82	342.50	462.50	301.25	21.6		15.9	35.0	1.0	87	1:1
BAJAJ PLASTIC,10	03/89	1.50	4.94	42.93	34.00	38.50	13.50	-7.9	-4.1	20.0			86	1:1
BAJAJ TEMPO,10	03/89	6.60	42.10	73.79	135.00	152.50	102.50	3.7	3.1	36.5	20.0	1.5	86	1:1
BAKELITE HYLAM,10	03/89	4.50	19.51	53.36	40.00	59.00	25.50	3.7	2.0	10.8	18.0	4.5	80	2:3
BALLARPUR,10	06/88	20.97	27.11	22.93	162.50	162.50	44.00	8.3	4.3	19.6	18.0	1.1	89	1:2
BARODA RAYON,100	03/89	17.97	32.35	280.02	695.00	830.00	290.00	62.9	37.4	11.0	15.0	2.2	82	1:2
BASF,10	03/89	4.26	12.32	38.92	145.00	152.50	102.50	8.6	5.5	16.9	25.0	1.7	88	1:2
BATA INDIA,10	12/87	10.50	17.18	26.36	64.00	89.00	62.00	3.7		17.3	15.0	2.3	87	1:1
BATLIBOI,10	09/88	2.79	3.93	24.09	21.50	22.50	14.00	1.1		19.5	10.0	4.7		
BAYER INDIA,100	12/87	16.22	11.19	168.99	770.00	900.00	555.00	27.4	25.5	28.1	16.0	2.1	87	1:1
BEST & CROM,10	03/89	7.10	17.80	35.07	44.00	83.00	28.50	1.6		27.5	10.0	2.3	82	3:5
BHADRA PAPER,10	03/89	10.57	27.85	36.35	112.50	112.50	31.00	6.8		12.8	35.0	3.1		
BHARAT FORGE,10	03/89	14.06	19.23	23.68	77.50	120.00	72.50	5.9	3.9	13.1	25.0	3.2	86	1:1
BHARAT GEARS,10	03/89	4.03	5.50	23.65	24.00	28.25	14.00	-2.4	0.1	9.5		6.2		
BIHAR ALLOY,10	03/89	8.20	-8.25	-0.06	38.00	51.50	12.75	3.6	1.1	10.6				
BIMETAL,10	03/89	3.82	9.00	33.56	80.00	110.00	25.00	15.1		5.3	27.5	3.4	89	1:1
BINDAL AGRO,10	12/88	3.79	8.50	32.43	80.00	130.00	70.00	19.9		4.0	50.0	6.2		
BIRLA JUTE,10	03/88	20.37	83.19	50.84	46.00	71.00	42.00	0.1	2.6	460.0	14.0	3.0	86	1:1
BIRLA YAMAHA,10	08/87	8.00	0.17	10.21	8.00	14.00	7.75	0.2	-2.9	40.0				
BLOW PLAST,10	07/89	2.00	3.73	28.65	40.00	55.00	30.00	1.9		21.1	15.0	3.8	87	1:1
BLUE STAR,10	03/89	3.55	11.60	42.68	78.75	80.00	55.00	10.2		7.7	18.0	2.3	86	3:5
BOM BURMAH,100	03/89	5.52	16.26	394.57	575.00	575.00	380.00	40.7	21.7	14.1	30.0	5.2	78	1:4
BOM DYEING,10	03/89	11.24	70.65	72.86	177.00	177.00	96.00	16.0	8.9	11.1	30.0	1.7	79	1:1
BOM SUBURBAN,10	03/89	6.60	78.22	128.52	72.50	85.00	33.00	12.9		5.6	20.0	2.8	89	1:1
BOOTS,10	03/89	8.10	9.33	21.52	132.50	146.00	100.00	5.5	2.8	24.1	22.0	1.7	87	1:1
BOROSIL GLASS,10	03/89	2.24	7.94	45.45	61.25	79.50	28.75	6.0		10.2	25.0	4.1	82	1:2
BRITANNIA,10	03/89	12.38	28.00	32.62	96.25	96.25	58.00	6.7	3.9	14.4	32.0	3.3	89	1:2
BROOKE BOND,10	12/88	24.73	45.59	28.44	109.00	113.00	54.00	9.7	6.2	11.2	33.0	3.0	89	4:5
BURROUGHS,10	02/89	3.00	15.82	62.73	85.00	112.50	85.00	12.0	5.3	7.1	45.0	5.3	89	1:1
C.E.S.C.,10	03/89	16.94	76.31	55.05	36.50	37.50	16.00	6.8	5.0	5.4	16.0	4.4		
C.P.TOOLS,100	03/89	4.57	9.61	310.28	330.00	460.00	330.00	19.0		17.4	15.0	4.5	77	1:3
CABLE CORP,10	03/89	9.00	18.86	30.96	77.00	91.00	55.00	11.5	3.4	6.7	27.5	3.6		
CALICO MILLS,125	06/89	13.56	-5.69	-72.55	29.00	41.00	25.00	2.3		12.6			77	1:7
CARRIER AIRCON,10	03/88	6.25	0.00	10.00	23.00	40.00	21.00							
CEAT TYRES,10	06/89	14.76	104.60	80.87	122.50	176.25	91.25	14.5		8.4	30.0	2.4	86	1:2
CEMINDIA,10	03/89	1.26	8.06	72.97	97.50	110.00	72.50	6.8	4.2	14.3	40.0	4.1	84	3:5
CENTURY ENKA,100	03/89	16.61	111.66	772.25	3325.00	3390.00	1720.00	236.2	91.0	14.1	42.0	1.3	88	2:5
CENTURY SPIN,100	12/88	26.62	201.09	855.41	2630.00	2630.00	1260.00	25.9	71.3	101.5	30.0	1.1	86	2:3
CHAMPAGNE,10	12/87	2.50	-1.46	4.16	13.50	22.00	12.00	-3.2						
CHLORIDE,10	12/88	20.65	16.51	18.00	83.00	85.00	74.00	5.0	2.5	16.6	31.5	3.8	86	3:5
CIFCO FINANCE,10	07/88	4.78	0.40	10.84	8.25	11.00	6.75	1.7		4.9	15.0	18.2		
CITURGIA,10	03/89	3.38	6.54	29.35	97.50	112.50	80.00	8.3		11.7	35.0	3.6		
COLGATE,10	03/89	31.44	13.62	14.33	186.25	195.00	145.00	13.5	7.6	13.8	45.0	2.4	89	1:1
COLOUR CHEM,100	03/89	7.94	13.35	268.14	500.00	525.00	400.00	37.9	3.8	13.2	22.0	4.4	80	2:5
COMET STEEL,10	03/89	9.65	1.25	11.30	21.50	25.00	11.50	2.7	1.6	8.0	16.0	7.4		
COROM FERT,10	12/88	24.32	24.79	20.19	22.00	35.00	13.50	-4.9			8.0	3.6	86	1:2
COSMO FILMS,10	03/88	2.39	7.45	41.17	24.00	51.25	14.00	6.6		3.6	18.0	7.5		
CROMPT GREA,100	06/88	9.60	62.01	745.94	1275.00	1400.00	582.50	61.4		20.8	18.0	1.4	79	1:3
CYANAMID,10	03/89	5.25	10.26	29.54	97.50	108.75	57.50	5.6	3.1	17.4	20.0	2.1		
DCM,10	03/89	23.02	28.19	22.25	46.00	76.00	30.00	1.8		25.6			71	4:5
DCM TOYOTA,10	09/88	15.00	-12.96	1.36	13.50	16.50	9.50	-1.1	1.1					

Company	Year	Equity	Re-	Book	Price	52 weeks		EPS in Rs		PE	Divi-	Yield	Bonus	
Face value	Ended	Rs Cr	serves Rs Cr	value Rs	1.12.89	High	Low	Year	Half-yr	Times	dend %	%	Year	Ratio
DEEPAK FERT,10	03/89	14.82	11.32	17.64	28.25	49.00	26.50	4.7	3.0	6.0	18.0	6.4		
DEEPAK NITR,10	03/89	2.43	6.48	36.67	81.00	85.00	48.00	9.2	6.0	8.8	26.0	3.5	85	
DEMPO STEAM,100	06/85	2.00	-9.83	-391.50	5.00	6.50	5.00							
DHARAMSI,10	03/89	6.24	11.15	27.87	39.00	40.00	27.50	3.2	1.7	12.2	20.0	5.1	79	
DR.REDDYS,10	03/89	1.37	1.36	19.93	54.00	85.00	52.50	5.2	3.0	10.4	25.0	4.6		
DUNCAN AGRO,100	12/86	2.03	14.11	795.07	530.00	530.00	111.00	92.1		5.8	15.0	2.8	77	
DUNLOP,10	03/89	18.99	68.77	46.21	72.00	105.00	47.50	5.3	1.9	13.6	30.0	4.2	76	
E. MERCK,10	12/87	5.94	5.04	18.48	81.25	90.00	55.00	2.2	1.2	36.9	16.0	2.0	86	
E.I.HOTELS,10	03/89	23.84	42.12	27.67	62.00	67.00	50.00	4.0		15.5	20.0	3.2	84	
EICHER MOTORS,10	04/88	9.98	-6.04	3.95	12.50	18.00	9.50	6.4	-4.8	2.0		10.0		
EID PARRY,10	06/88	6.26	6.69	20.65	66.00	70.00	35.00	4.5		14.7	20.0	3.0		
ELECON ENG,10	03/89	5.65	26.90	57.61	76.00	76.00	50.00	4.6	2.4	16.5	20.0	2.6	87	
ENFIELD,10	06/88	5.04	9.15	28.15	12.75	13.50	9.50	-10.4					85	
ENGLISH ELECT,10	03/89	9.00	18.16	30.18	66.50	72.00	47.50	2.7	2.8	24.6	7.5	1.1	87	
ESCORTS,10	03/89	33.90	114.78	43.86	77.50	83.50	58.50	5.3	3.4	14.6	28.0	3.6	87	
ESKAYEF,10	03/89	7.50	20.99	37.99	112.50	165.00	111.25	8.2		13.7	27.0	2.4	88	
ESSAR SHIPPING,10	06/89	44.37	44.05	19.93	25.00	35.00	20.00	4.4		5.7	30.0	12.0		
EXCEL,10	03/89	4.62	11.96	35.93	180.00	180.00	117.00	10.3	6.7	17.5	50.0	2.8	84	
FAG PRECISION,100	03/89	3.36	8.71	359.23	700.00	710.00	270.00	68.8	40.2	10.2	16.0	2.3		
FERRO ALLOYS,100	03/89	5.52	24.78	548.91	920.00	1650.00	560.00	171.5	31.7	5.4	20.0	2.2	80	
FGP,10	03/88	4.89	5.82	21.90	53.00	60.00	32.00	4.1	3.7	12.9	16.0	3.0	87	
FICOM ORGANIC,10	03/89	1.29	5.96	56.20	175.00	240.00	106.25	19.0	9.5	9.2	60.0	3.4	87	
FINOLEX,10	03/89	3.24	30.80	105.06	255.00	422.50	255.00	58.1	31.9	4.4	60.0	2.4	86	
FIRST LEASING,10	11/87	6.30	8.78	23.94	18.00	19.50	14.00	6.4		2.8	25.0	13.9	83	
FLAKT INDIA,10	12/88	3.40	4.08	22.00	50.00	54.00	35.75	5.6		8.9	20.0	4.0	89	
FOOD SPECIAL,10	12/88	30.72	17.84	15.81	106.25	125.00	89.00	7.3	4.0	14.6	25.0	2.4	89	
FORBES FORBES,10	03/89	4.25	20.54	58.33	48.75	66.00	38.00	3.7	3.0	13.2	30.0	6.2	82	
FULFORD,10	12/87	0.80	2.28	38.50	300.00	385.00	280.00	8.8	6.1	34.1	22.0	0.7	86	
G.E.SHIPPING,10	03/89	55.61	55.28	19.94	51.00	51.00	34.25	5.4	4.0	9.4	12.0	2.4	81	
G.K.W.,10	03/89	24.06	30.30	22.59	20.00	26.00	11.50	-0.6					83	
G.T.C.INDUST,10	03/89	5.00	13.24	36.48	27.00	27.00	14.35	5.1		5.3	24.0	8.9	72	
GABRIEL,10	03/89	2.64	4.36	26.52	51.00	52.00	22.00	4.4	1.9	11.6	20.0	3.9	78	
GAMMON INDIA,10	07/88	2.16	13.46	72.31	100.00	310.00	80.00	1.9		52.6	18.0	1.8	82	
GARDEN SILK,10	03/88	12.57	82.26	75.46	45.00	70.00	42.50	11.1	1.4	4.1	30.0	6.7		
GARWARE NYLON,10	12/88	9.72	14.92	25.35	52.00	67.00	37.00	3.6	2.4	14.4	20.0	3.8	83	
GARWARE POLY,10	06/88	8.31	28.96	44.85	48.50	122.50	48.50	6.5	3.6	7.5	20.0	4.1		
GARWARE SHIP,10	03/88	3.75	0.03	10.08	19.00	36.50	17.00	-3.6	3.2					
GEN ELECTRIC,10	03/89	7.20	30.60	52.50	82.50	92.00	46.50	13.9		4.5	15.0	2.4	89	
GENELEC,10	03/89	2.16	-4.39	-10.32	23.00	72.50	23.00	-47.1		4.3	14.7	8.4	84	
GEORGE WILL,10	09/88	6.30	24.05	48.17	220.00	220.00	95.00	8.7	5.0	25.3	40.0	1.8	89	
GERMAN REM,10	03/89	3.26	5.20	25.95	92.50	102.00	61.00	117.8	72.5	0.8	15.0	1.6	82	
GLAXO,10	03/89	20.00	39.91	29.95	93.50	104.00	73.50	9.1		10.3	20.0	2.1	80	
GODFREY PHILIPS,10	03/89	2.60	3.80	24.62	50.00	52.50	25.00	4.5	2.1	11.1		7.1	75	
GOETZE,10	03/89	6.93	14.10	30.35	80.00	90.00	53.00	6.2		12.9	22.0	2.8	76	
GOKAK PATEL,10	03/89	6.52	19.12	39.33	75.00	120.00	67.50	6.0	5.6	12.5	20.0	2.7	87	
GOOD NEROLAC,10	06/88	3.24	5.06	25.68	65.00	81.00	42.50	2.0		32.5	20.0	3.1	78	
GOODYEAR,10	12/88	7.48	31.95	52.71	96.00	120.00	81.00	13.8	5.6	7.0		4.2	77	
GRAMOPHONE,10	03/89	4.37	11.43	36.16	10.62	21.50	5.50	-11.0						
GRASIM,10	03/89	37.70	127.25	43.75	115.00	135.00	12.50	10.5	6.4	11.0	27.5	2.4	86	
GREAVE COTTON,100	03/89	6.57	26.22	499.09	650.00	720.00	409.00	102.7		6.3	18.0	2.8	86	
GUJ ALKALIES,10	03/89	17.90	29.78	26.64	72.50	77.50	64.00	2.4	1.1	30.2	26.0	3.6	87	
GUJ AMB CEM,10	06/89	19.99	5.58	12.79	25.50	25.50	14.50	1.9		13.4	12.0	4.7		
GUJ NARMADA,10	03/89	66.99	103.47	21.63	37.00	59.50	30.00	1.0		37.0	10.0	2.7		
GUJ STATE FERT,10	03/89	26.95	208.59	87.40	183.75	183.75	125.00	18.1	8.9	10.2	37.5	2.0	87	
HARRISON,10	06/89	9.10	17.64	29.38	96.00	101.00	45.50	3.5	0.5	27.4	10.0	1.0	87	
HERDILLIA CHEM,10	03/89	7.35	41.35	66.26	97.00	105.00	66.00	11.3	5.5	8.6	21.0	2.2	78	
HERO HONDA,10	03/89	15.60	-2.76	8.23	19.00	39.00	17.50	-4.0		15.0				
HIND ALLOY,10	03/89	5.89	5.03	18.54	62.00	98.00	46.25	6.2	5.3	10.0	30.0	4.8		
HINDALCO,10	03/89	17.85	162.39	100.97	262.50	322.50	143.50	15.8	19.6	16.6	37.5	1.4	86	
HIND BROWN,100	03/89	5.47	25.33	563.07	700.00	910.00	77.50	70.0		10.0	23.0	3.3	78	
HIND CIBA,100	03/89	17.71	40.07	326.26	960.00	1080.00	610.00	67.4	53.2	14.2	30.0	3.1	80	
HIND COCOA,10	03/89	8.40	12.04	24.33	136.25	146.00	100.00	7.1	2.0	19.2	25.0	1.8	87	
HIND DEVELOP,10	03/89	8.42	92.56	119.93	103.00	115.00	83.75	14.0	6.0	7.4	25.0	2.4	86	
HIND DORR-OLIVER,10	03/89	4.76	8.41	27.67	87.50	210.00	72.50	7.1	3.9	12.3	50.0	5.7	89	
HIND FERODO,10	03/89	5.50	1.89	13.44	21.00	23.00	16.00	1.4		15.0	5.0	2.4	83	
HIND LEVER,10	12/88	93.32	112.74	22.08	104.00	108.50	69.00	5.2	2.5	20.0		3.4	87	
HIND MOTOR,10	03/89	26.35	44.89	27.04	22.52	50.25	24.00	-2.2			7.5	3.3	86	
HMM,10	04/88	14.18	93.90	76.22	210.00	215.00	117.50	12.0	7.0	17.5	40.0	1.9	87	
HOECHST,100	03/89	9.58	27.94	391.65	1515.00	1515.00	500.00	37.7	52.3	40.2	20.0	1.3	82	
HOGANAS,10	10/87	1.15	0.00	10.00	57.50	63.00	39.00		-0.6					
HOTEL LEELA,10	03/89	11.80	-2.30	8.05	13.25	22.00	13.00	-0.4						
HOUSING DEV FIN,100	03/89	19.98	44.56	323.02	300.00	345.00	175.00	96.8		3.1		5.7		
HYD.ALLWYN,10	07/87	8.10	10.70	23.21	14.00	22.00	8.50	3.7	4.2	3.8	15.0	10.7		
ICIM,10	12/87	4.13	9.13	32.11	24.00	67.00	16.00	2.3		10.4				
ICI,10	03/89	40.87	84.19	30.60	42.00	67.00	38.50	3.4	0.9	12.4	22.5	5.4	78	
INDIA CEMENT,10	03/88	4.90	46.92	105.78	15.00	32.00	15.00	3.0		5.0	12.0	8.0	89	

Company Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 1.12.89	52 weeks High	52 weeks Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ratio
NIA GYPSUM,10	03/89	4.50	-2.47	4.51	9.00	17.00	8.00	-8.0	-2.6					
NIA POLYFIBRES,10	12/87	29.75	-2.73	9.08	5.50	10.00	4.50							
NIA STEAMSHIP,10	03/88	4.95	-65.15	-121.62	12.50	18.25	10.00	-16.9					75	1:1
DIAN ALUM,10	12/88	41.16	49.09	21.93	140.00	188.00	48.00	2.8	7.2	50.0	14.0	1.0	77	2:5
DIAN DYESTUFF,100	03/89	9.41	35.85	480.98	230.00	285.00	165.00	0.9		255.6	10.0	4.3	80	1:4
DIAN HOTEL,10	03/89	14.79	43.45	39.38	85.00	97.00	69.00	9.5	6.5	8.9	30.0	3.5	89	1:2
DIAN ORGANIC,10	03/89	18.40	20.63	21.21	44.75	53.00	25.00	3.0		14.9	10.0	2.2	85	1:2
DIAN OXYGEN,10	03/89	14.60	32.65	32.36	39.00	50.00	38.00	1.9		20.5	10.0	2.6	85	1:3
DIAN RAYON,10	06/89	25.40	190.83	85.13	87.00	105.00	77.00	3.9	2.0	22.3	28.0	3.2	80	1:4
DIAN SEAMLESS,10	03/89	2.21	4.02	28.19	160.00	210.00	107.00	15.8	7.6	10.1	18.0	1.1	89	3:4
DOGULF FERT,10	09/87	164.81	0.00	10.00	15.00	25.50	13.00							
DROL,10	06/89	6.16	26.27	52.65	185.00	327.50	185.00	11.8		15.7	36.0	1.9	86	1:1
DU NISSAN,10	12/87	6.00	1.21	12.02	13.50	31.50	11.25	5.6	2.9	2.4	10.0	7.4		
GERSOLL,10	03/89	15.78	23.11	24.65	222.50	222.50	155.00	6.7	3.8	33.2	45.0	2.0	89	1:1
H EXCHANGE,10	04/88	3.46	7.20	30.81	73.00	94.00	65.00	4.3		17.0	20.0	2.7	88	4:5
TATA,10	12/87	12.00	-15.79	-3.16	22.00	26.00	12.50	-6.9		6.7				
,10	03/89	66.34	126.30	29.04	65.75	72.00	22.50	4.4	3.1	14.9	40.0	6.1	89	1:1
.CHEMICAL,10	06/89	3.00	2.84	19.47	35.50	40.00	26.00	4.4		8.1	23.0	6.5		
.INDUST,10	06/89	14.04	15.51	21.05	80.00	112.50	38.00	10.4		7.7	25.0	3.1	67	1:1
SYNTHETIC,10	03/89	38.51	129.12	43.53	60.00	91.00	60.00	4.8	2.0	12.5	22.0	3.7	83	1:3
YANT VITAMIN,10	06/88	3.87	5.11	23.20	37.00	62.00	35.00	4.8		7.7	21.0	5.7	87	2:5
LYANI BRAKES,10	06/88	3.90	-4.84	-2.41	31.00	42.00	26.00	1.3	0.6	23.8				
LYANI STEEL,10	06/88	1.13	11.41	110.97	240.00	325.00	220.00	31.9		7.5	85.0	3.5	88	1:1
LVINATOR,10	06/89	3.55	25.48	81.77	177.50	202.50	110.00	16.5		10.8	24.0	1.4	89	1:1
SORAM,10	03/88	8.85	52.23	69.02	46.50	70.00	39.00	3.4	0.7	13.7	23.5	5.1	79	1:2
ODAY DIST,10	06/87	6.00	8.88	24.80	36.00	56.25	29.00	3.1	2.2	11.6	20.0	5.6		
ETIC ENGG,10	03/89	2.40	19.47	91.12	132.50	210.00	125.00	6.8		19.5	30.0	2.3	89	1:1
ETIC HONDA,10	03/89	9.99	3.34	13.34	30.00	38.75	24.00	1.2		25.0				
L CUMMINS,10	03/89	26.40	41.95	25.89	64.00	91.25	55.00	2.7		23.7	11.2	1.8	86	1:1
L PNEUMATIC,10	03/89	3.85	11.28	39.30	60.00	72.50	45.00	12.5		4.8	22.5	3.8		
LOSKAR OIL,10	03/89	6.71	13.16	29.61	31.00	67.50	29.00	4.5		6.9	10.0	3.2	76	3:7
OCKNER WIND,10	03/89	4.50	7.50	26.67	155.00	155.00	90.00	9.4	4.5	16.5	24.0	1.5	88	1:2
B PUMPS,10	12/88	8.70	7.63	18.77	192.50	210.00	155.00	12.3	6.3	15.7	20.0	1.0	89	1:1
KME,10	03/89	3.15	6.43	30.41	92.50	95.00	56.67	6.9	7.2	13.4	22.5	2.4	89	1:2
RSEN TOUBRO,10	03/89	60.75	294.16	58.42	73.00	133.50	73.00	6.0	3.5	12.2	30.0	4.1	86	3:5
TON,10	12/88	15.75	15.17	19.63	92.00	96.50	65.00	7.7	3.1	11.9	33.0	3.6		
YD STEEL,10	03/89	5.07	2.55	15.03	80.00	127.50	27.00	5.2	4.9	15.4	22.0	2.8	89	1:2
,10	03/89	21.05	9.07	14.31	18.50	26.50	13.00	0.2	0.6	92.5			80	4:5
CNEIL MAGOR,10	06/86	2.74	41.38	161.02	56.00	93.50	43.50	2.3		24.3	7.0	1.2		
DRAS CEMENT,100	12/87	3.02	18.65	717.55	450.00	810.00	400.00	-153.3	-79.5					
DURA COATES,10	06/88	21.96	92.32	52.04	103.00	107.00	90.00	6.5		15.8	30.0	2.9	86	1:2
FATLAL FINE,100	03/89	14.48	23.69	263.60	200.00	375.00	200.00	9.0		22.2	10.0	5.0	80	1:3
FATLAL IND,100	03/89	16.20	51.29	416.80	330.00	335.00	220.00	9.6	5.1	34.4	20.0	6.1	78	1:5
HIN & MAHIN,10	10/87	19.26	102.06	62.99	87.50	119.00	73.50	5.5	3.5	15.9	22.0	2.5	84	2:3
HINDRA NISSAN	06/87	16.54	0.15	10.09	10.00	14.00	8.00	-2.2	-2.5					
HINDRA UGINE,10	03/89	11.50	24.57	31.37	85.00	112.50	70.00	6.6		12.9	16.5	1.9	88	1:2
NGALAM CEM,10	03/89	7.11	11.53	26.22	24.00	27.00	19.00	2.0	0.3	12.0	18.0	7.5		
NGALORE CHEM,10	03/88	18.99	13.98	17.36	19.50	55.50	17.50	-0.6	-0.1	230.0		4.3		
STERSHARE,10	06/89	225.00	280.60	22.47	16.15	21.50	12.17	8.3		1.9	18.0	11.1		
THER PLATT,10	03/89	10.24	8.12	17.93	55.00	72.50	41.00	3.2		17.2	16.0	2.9	87	3:5
K INDIA,10	09/88	2.79	1.78	16.38	75.00	92.00	54.00	5.0		15.0	20.0	2.7		
Y & BAKER,10	03/89	4.50	10.47	33.27	70.00	85.00	52.50	7.0		10.0	25.0	3.6		
ZDA INDUST,10	11/88	4.32	2.64	16.11	8.50	20.00	7.00	2.3		3.7	12.7	14.9		
OOWELL,10	03/89	7.68	25.89	43.71	82.50	107.50	70.00	1.5		55.0	20.0	2.4	86	1:1
LEOD RUSSEL,10	06/88	6.25	22.38	45.81	170.00	170.00	82.00	12.9	5.2	13.2	45.0	2.6	89	3:5
TAL BOX,10	03/87	14.68	-12.54	1.46	7.50	10.20	5.20	-4.0	-5.0				67	1:2
ES INDIA,10	03/89	0.64	1.78	37.81	105.00	210.00	155.00	17.7	4.8	5.9	30.0	2.9	89	1:1
KFOOD,10	12/87	1.14	4.49	49.39	312.50	312.50	185.00	8.9	12.4	35.1	25.0	0.8	87	1:1
OI INDUSTRIES,10	09/87	3.13	23.65	85.56	18.00	35.00	17.00	-11.9	-13.7		6.0	3.3	89	1:5
OI RUBBER,10	03/89	10.38	52.50	60.58	76.00	120.00	75.00	13.0	9.5	5.8	25.0	3.3	84	2:5
OI XEROX,10	03/89	17.46	6.50	13.72	65.50	73.00	33.00	2.9		22.6	15.0	2.3		
TOR INDUST,100	12/88	38.05	56.44	248.33	750.00	800.00	585.00	38.0	19.4	19.7	14.0	1.9	06	1:1
,10	03/89	3.86	44.85	126.19	300.00	460.00	85.00	43.4		6.9	90.0	3.0	75	1:2
KAND IRON,10	03/89	14.74	80.22	64.42	129.50	142.50	75.00	15.8	5.2	8.2	20.0	1.5	88	1:2
CORE CEMENT,10	06/87	18.22	22.61	22.41	19.00	28.00	18.00	1.1	1.2	17.3	17.5	9.2	85	2:5
AR FINANCE,10	03/89	2.44	3.76	25.41	15.00	16.50	6.00	5.2		2.9	35.0	23.3		
ION PEROXIDE,100	03/88	2.30	9.02	492.17	850.00	1250.00	675.00	77.8		10.9	30.0	3.5		
ONAL RADIO,100	12/87	6.62	2.77	141.84	300.00	360.00	115.00	10.6	3.5	28.3				
ON,10	03/89	15.76	-23.74	-5.06	12.50	17.00	8.50	-21.5					82	1:2
IL,100	03/89	36.00	82.01	327.81	1260.00	1340.00	730.00	90.5	55.5	13.9	40.0	3.2	86	1:2
SSA CEMENT,10	12/87	5.40	31.50	68.33	33.00	37.00	33.00	7.3	0.5	4.5	20.0	6.1	87	1:1
AY,10	03/89	49.64	51.65	20.40	14.50	40.00	13.50	-0.6		8.6		17.5		
AL AGRO,10	06/87	28.52	81.67	38.64	56.00	120.00	56.00	2.8		20.0	50.0	8.9	87	3:5
AL FURANE,10	12/87	18.00	0.00	10.00	34.50	95.00	33.00		0.3					
ELEVATORS,10	03/89	5.04	15.02	39.80	205.00	215.00	170.00	11.0	3.5	18.6	40.0	2.0	85	1:1
KE DAVIS,10	03/89	7.53	4.08	15.42	97.00	97.00	38.00	4.1	4.3	23.7	35.0	3.6	78	3:5
PEICO,10	03/89	33.32	36.59	20.98	23.00	33.00	16.50	-5.1	-1.5	15.8	10.0	4.3	82	1:5
PFIZER,10	11/88	11.72	15.87	23.37	69.50	81.50	58.00	1.5		46.3	15.0	2.2	77	4:5
POLYCHEM,10	03/89	6.00	11.90	29.83	71.00	72.00	56.00	14.7	3.8	4.8	25.0	3.5	89	2:3
POLYOLEFINS,100	03/89	19.30	45.02	333.26	1340.00	1340.00	885.00	112.4	44.8	11.9	28.0	2.1	88	1:2
PONDS,10	12/88	6.68	15.33	32.95	190.00	210.00	153.75	6.6	4.6	28.8	20.0	1.1	87	1:1
PREMIER AUTO,10	06/89	17.67	112.26	73.53	62.00	66.25	40.50	7.7		8.1	45.0	7.3	86	1:1
PROCTER & GAM,10	06/89	6.68	11.68	27.49	200.00	265.00	175.00	9.4		21.3	30.0	1.5	88	4:5
PSI DATA,10	03/89	1.38	-5.27	-28.19	14.00	21.00	5.00	-6.3		8.6		11.0		
RALLIS,10	03/89	9.52	33.44	45.13	95.00	150.00	95.00	9.2		10.3	25.0	2.6	77	3:1
RANBAXY,10	03/89	5.22	16.22	41.07	93.75	132.50	75.00	8.4		11.2	27.5	2.9	86	2:5
RAYMONDS,10	03/89	22.47	67.19	39.90	74.50	84.50	65.00	9.6	2.0	7.8	20.0	2.7	87	1:1
RECKITT COLMAN,10	12/88	8.40	17.83	31.23	188.75	210.00	130.00	8.0	4.8	23.6		1.7	88	1:1
REGENCY CERAMIC,10	06/88	3.99	0.25	10.63	21.00	21.00	12.00	-2.7						
RELIANCE,10	03/89	152.11	913.40	70.05	74.50	190.00	74.50	6.5	3.2	11.5	30.0	4.0	83	3:5
RELIANCE PETRO	03/89	86.47	0.48	10.06	29.00	55.00	38.00	0.6		48.3	18.0	6.2		
REMINGTON,10	03/88	2.67	4.34	26.25	65.00	75.00	37.00	4.1	1.2	15.9	20.0	3.1	86	1:2
REVATHI C.P,10	06/89	1.60	3.68	33.00	72.50	140.00	67.00	5.5		13.2	20.0	2.8	87	1:1
ROCHE PRODUCTS,10	12/88	4.81	6.23	22.95	84.00	89.00	53.75	3.3	1.9	25.5	15.0	1.8	80	1:3
ROSS MURARKA,10	12/88	4.64	3.29	17.09	17.50	20.00	6.50	3.1	3.4	5.6	18.0	10.3		
S.I.VISCOSE,100	03/89	11.03	21.19	292.11	1120.00	1120.00	665.00	116.9	81.4	9.6	35.0	3.1	87	1:2
SAMTEL INDIA,10	03/89	3.65	11.06	40.30	48.50	112.50	48.50	8.8		5.5	25.0	5.2	88	1:3
SANDOZ,10	12/87	5.30	19.68	47.13	136.50	137.50	80.00	3.0	4.1	45.5	18.0	1.2	84	2:7
SANDVIK ASIA,100	12/88	5.78	7.54	230.45	890.00	775.00	610.00	40.6	12.5	17.0	25.0	3.6	84	1:1
SCINDIA,20	06/88	18.95	-40.86	-23.12	8.00	12.50	6.00	-23.6					77	2:5
SEARLE,10	03/89	7.82	11.94	25.27	127.50	170.00	90.00	4.3	5.4	29.7	21.0	1.6	88	1:2
SESA GOA,10	03/89	5.15	9.80	29.03	64.50	70.00	26.00	2.1	-2.8	30.7	14.0	2.2	86	2:5
SHAW WALLACE,10	03/89	12.00	27.76	33.13	85.00	102.00	65.00	9.8	5.3	8.7	30.0	3.5	87	1:1
SHRIRAM FIBRES,10	09/87	10.33	22.69	31.97	54.50	94.00	54.00	2.7		20.2	20.0	3.7	82	1:2
SIEMENS,10	09/88	20.77	58.30	38.07	77.00	107.00	52.50	3.3	1.2	23.3	16.0	2.1	86	1:4
SILTAP CHEMICAL,10	03/88	1.80	-0.76	5.78	62.50	75.00	45.00	-4.2						
SIPTA COATED,10	03/89	9.35	11.53	22.33	18.00	27.00	15.00	1.3		13.8	17.0	9.4		
SKF BEARINGS,100	03/89	24.70	35.39	243.28	1250.00	1510.00	950.00	68.0	27.9	18.4	30.0	2.4	89	1:1
SOUTHERN PETRO,10	03/89	34.00	274.92	90.86	53.25	68.00	39.00	4.1	11.3	13.0	20.0	3.8	88	1:1
SPARTEK,10	03/89	2.85	7.62	36.74	105.00	130.00	71.25	10.0		10.5	25.0	2.4	89	3:5
SPECIAL STEEL,10	03/89	17.09	14.36	18.40	110.00	120.00	46.69	157.5	67.3	0.7	40.0	3.6	89	1:2
STANDARD IND, 100	03/89	11.06	37.68	440.89	485.00	542.50	215.00	51.3	16.8	9.5	20.0	4.1	88	2:5
STANDARD MOTOR,10	03/88	4.37	3.98	19.11	9.50	10.50	8.00	-18.1				15.8	85	1:1
STRAW PRODUCTS,10	12/87	10.14	73.61	82.59	81.00	86.00	46.00	4.0	1.3	20.2	20.0	2.5	72	1:2
SU-RAJ DIAMOND,10	03/89	4.77	9.72	30.38	66.50	108.75	61.00	14.4	8.2	4.6	20.0	3.0		
SUND CLAYTON,10	05/88	9.48	23.99	35.31	68.75	68.75	44.00	9.9		6.9	25.0	3.6	87	2:3
SUND FASTENERS,10	03/89	5.10	9.80	29.22	76.25	79.00	52.00	6.6	3.9	11.6	25.0	3.3	88	3:5
SUND FINANCE,10	03/89	6.00	16.22	37.03	66.75	74.00	48.00	10.9	4.3	6.1	30.0	4.5	86	1:1
SUPREME INDUST,10	06/89	1.80	6.48	46.00	245.00	255.00	190.00	19.1		12.8	45.0	1.8	87	1:1
SWAD POLYTEX,10	03/89	3.90	11.77	40.18	39.00	57.50	28.00	8.9	3.7	4.4		8.8		
SYNTH & CHEM,10	03/89	5.81	9.75	26.78	79.00	79.00	48.00	10.9	6.7	7.2	25.0	3.2		
TATA CHEMICALS,10	03/89	44.92	208.92	56.51	119.00	127.50	102.00	8.0		14.9	31.0	2.6	89	1:2
TATA LOCO,100	03/89	103.67	308.74	397.81	1022.50	1072.50	670.00	67.6	8.7	15.1	25.0	2.4	82	2:5
TATA OIL,25	03/89	8.11	21.45	91.12	82.50	82.50	55.00	6.6		12.5	15.0	4.5	81	1:5
TATA POWER,100	03/88	21.22	68.24	421.58	366.25	447.50	310.00	89.1	60.6	4.1	16.0	4.4	75	1:5
TATA PRESS,10	03/89	1.57	6.34	50.38	63.00	65.00	45.00	5.3	3.2	11.9	22.0	3.5		
TATA STEEL,10	03/89	156.09	645.53	51.36	113.75	154.25	103.00	9.9	4.3	11.5	30.0	2.6	86	2:5
TATA TEA,10	03/89	17.10	78.79	56.08	185.00	201.50	118.00	8.0	12.2	23.1	50.0	2.7	86	3:5
TATA UNISYS,10	03/89	4.38	4.92	21.23	77.50	92.50	67.50	5.8	2.8	13.4	27.5	3.5	87	2:5
TEXMACO,10	03/89	1.87	11.06	69.14	47.00	68.00	30.50	-48.0						
TINPLATE,10	03/89	10.14	11.11	20.96	27.50	42.00	21.00	4.3		6.4	15.0	5.5		
TUBE INVESTMENT,10	12/87	5.73	28.62	59.95	64.00	73.75	27.50	7.0	4.2	9.1	20.0	3.1	85	1:3
TUTICO ALKALIES,10	03/89	12.94	-2.63	7.97	13.00	19.00	11.00	1.8		7.2	60.0	46.2		
TVS SUZUKI,10	03/89	23.10	-5.50	7.62	14.00	26.00	12.00	1.3		10.8				
TWENT CENT,10	03/89	8.88	10.36	21.67	25.50	26.50	14.00	4.0	2.4	6.4	22.0	8.6	88	2:5
UNION CARBIDE,10	03/89	32.58	38.04	21.68	21.25	29.00	18.00	1.7		12.5	12.0	5.6	80	1:2
UNIT BREWERIES,10	06/88	4.00	9.53	33.82	62.00	70.50	36.50	7.1		8.7	20.0	3.2	86	1:1
UNIT PHOSPHORUS,10	12/87	2.80	2.66	19.50	56.25	69.00	37.00	0.4	-1.1	140.6	10.0	1.8		
UPCOM CABLES,10	03/89	5.92	1.88	13.18	48.50	53.75	32.00	4.3		11.3	20.0	4.1		
VAM ORGANIC,10	03/89	5.16	20.35	49.44	152.00	177.00	125.00	20.2	7.0	7.5	35.0	2.3		
VARELI,10	03/88	7.29	13.49	28.50	23.75	32.75	21.25	5.7	0.7	4.2	22.0	9.3		
VIDEOCON INT,10	03/89	2.75	6.91	35.13	190.00	195.00	60.00	23.0	25.3	8.3	40.0	2.1		
VINDHYA TELE,10	03/89	3.90	9.26	33.74	106.75	140.00	107.50	17.1	7.6	6.4	22.5	2.1		
VOLTAS,100	03/89	13.23	34.84	363.34	890.00	990.00	460.00	111.8	50.3	8.0	14.0	1.6	89	1:2
VST INDUSTRIES,10	03/89	6.03	13.81	32.90	42.50	35.00	12.00	5.3	2.3	8.0	50.0	11.8	89	3:5
WALCHAND,100	09/88	3.00	2.46	182.00	16.00	27.50	11.00	2.0		8.0			82	1:2
WARREN TEA,10	03/88	3.90	11.49	39.46	180.00	180.00	62.50	8.9		20.2	30.0	1.7	86	1:5
WIMCO,10	12/87	12.67	5.34	14.21	20.75	31.50	15.50	-5.8	-4.6				70	1:5
ZENITH,10	12/88	9.15	17.20	28.80	56.00	78.00	50.00	5.2	2.3	10.8	30.0	5.4	87	1:4
Z F STEERING,10	03/89	2.25	1.02	14.53	44.00	77.50	44.00	2.6		16.9	10.0	2.3		
ZUARI,10	03/89	12.43	57.09	55.93	58.00	85.00	57.50	7.8	-2.3	7.4	35.0	6.0		

Note: EPS: This represents the earnings after tax for the full year divided by the number of shares outstanding. EPS half year: after tax earnings per shares for six months taking into account announced half yearly profits. PE: ratio of market price to after tax per share. Yield: dividend as a percentage of market price.

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DEPOSITS

Company fixed deposits (current for December 1989)

Name of the company	Minimum Amount	Rate of interest 1 year	2 year	3 year
ACC	3000	11.50	12.50	14.00
APOLLO TYRES	5000	13.00	13.50	14.00
APOLLO HOSP	1000	13.50	13.75	14.00
AXLES INDIA LTD	3000	—	13.50	14.00
BEST & CROMPTON	3000	13.00	13.50	14.00
BERGER PAINTS	3000	12.00	13.00	14.00
BHADRA PAPER	3000	—	—	14.00
BAGALKOT UDYOG	2000	—	14.00	14.00
BAJAJ HIND	1000	—	13.00	14.00
BLUE BLENDS	3000	—	13.00	14.00
BOROSIL GLASS	3000	—	13.00	14.00
BURROUGHS WEL	3000	—	13.50	14.00
BOMBAY DYEING	3000	9.50	13.00	14.00
BIHAR SPG IRON	2000	14.00	14.00	14.00
20TH CENTURY	1000	13.00	13.50	14.00
CEMENT CORP	1000	11.00	12.00	13.50
CEAT TYRES	3000	—	12.50	14.00
CHOWGULE	2000	13.00	14.00	14.00
CHEM 7 PLASTICS	2000	—	—	14.00
DCW LTD	3000	12.50	13.50	14.00
DEEPAK NITRITE	3000	—	13.00	14.00
DUNCANS AGRO	2000	13.50	14.00	14.00
GENELEC	3000	13.50	14.00	14.00
GUJ HEAVY CHEM	3000	13.50	14.00	14.00
GODFREY PHILIPS	3000	12.50	13.00	14.00
GRAUER & WEIL	3000	—	13.00	14.00
HIND ALLOYS	3000	13.50	14.00	14.00
HOECHST	5000	—	—	14.00
HIND SUGAR	2000	—	13.00	14.00
HILTON RUBBERS	2000	14.00	14.00	14.00
INDROL LUBRICAB	5000	—	—	14.00
ITC	5000	—	—	14.00
INSTRUMENTATION	1000	10.50	11.50	13.00
INDIA CEMENTS	3000	13.00	14.00	14.00
INDIAN PLYWOOD	1000	13.50	14.00	14.00
INCAB	2000	13.00	13.50	14.00
IVP	2000	—	14.00	14.00
JAMNA AUTO INDIA	3000	14.00	14.00	14.00
JK IND	3000	—	13.50	14.00
JK SYNTHETICS	3000	14.00	14.00	14.00
KINETIC ENGG	3000	—	13.00	14.00
KELVINATOR	2000	12.50	13.50	14.00
KEC INT	2000	—	—	14.00
L&T	3000	11.00	12.50	14.00
LUPIN LABS	4000	13.00	14.00	14.00
MGF INDIA LTD	1000	—	14.00	14.00
MUKAND	3000	11.00	12.50	14.00
MAHIN & MAHIN	2000	11.00	13.00	14.00
MODI XEROX	2000	13.50	14.00	14.00
MRF	1000	12.50	13.50	14.00
MUSCO	3000	—	—	14.00
MCLEOD RUSSEL	4000	—	13.00	14.00
MCDOWELL	3000	12.00	13.50	14.00
MADS MOTOR FIN	1000	—	14.00	14.00
MODERN THREADS	2000	14.00	14.00	14.00
MODERN SYNTEX	1000	—	14.00	14.00
NAGARJUNA STEEL	2000	14.00	14.00	14.00
NEEDLE ROLLER	2000	—	13.00	14.00
POLYCHEM	2000	13.00	13.50	14.00
PREMIER AUTO	3000	12.00	13.00	14.00
PHILIPS CARBON	1000	13.00	13.50	14.00
PUDUMJEE PULP	3000	12.50	13.00	14.00
PRAKASH PIPES	2000	14.00	14.00	14.00
PRECISION FAST	2000	—	14.00	14.00
RELIANCE	5000	—	—	14.00
RATHI ALLOYS	3000	14.00	14.00	14.00
SOUTH INDIA VIS	3000	14.00	14.00	14.00
STEEL AUTHORITY	5000	10.50	11.50	13.00
SIEMENS	5000	14.00	14.00	14.00
SESA GOA	2000	13.00	13.50	13.00
SAIL	5000	10.50	11.50	13.00
SHAW WALLACE	3000	—	13.00	14.00
STRAW PRODUCTS	3000	13.00	13.50	14.00
TCI	2000	14.00	14.00	14.00
UPTRON	3000	—	13.50	14.00
UNITECH	5000	14.00	14.00	14.00
VARELI TEXT	3000	12.00	13.00	14.00
VAZIR GLASS	2000	—	14.00	14.00
VIP INDUS	2000	—	14.00	14.00
WESTERN INDIA	2000	14.00	14.00	14.00
WIPRO LIMITED	4000	—	—	14.00
ZUARI AGRO	2000	—	—	14.00

Cumulative deposit scheme (current for December 1989)

Name of the company	Minimum Deposit	Maturity amount	Period (years)	Annual compound rate of interest (%)
ACC	3000	4503	3	14.9
ASEA	3000	4533	3	14.9
APOLLO TYRES	3000	4555	3	14.9
APPLE INDUSTRIES	1000	1522	3	15.0
AXLES IND LTD	3000	4544	3	14.9
BEST & CROMPTON	3000	4554	3	14.9
BERGER PAINTS	3000	4533	3	14.9
BATA	3000	4503	3	14.9
BAKELITE HYLAM	2000	3030	3	14.8
BURROUGHS WEL	3000	4555	3	14.9
BAJAJ	2000	3036	3	14.9
BIHAR SPG IRON	2000	3037	3	14.9
BEARDSELL	2000	3036	3	14.9
BEST & CROMPTON	3000	4554	3	14.94
BLUE BLENDS	3000	4533	3	14.9
20TH CENTURY	1000	1516	3	14.9
CARBURATTORS	1000	1520	3	14.9
DCW LTD	3000	4533	3	14.9
DUNLOP	3000	4533	3	14.9
DUNCANS AGRO	2000	3036	3	14.9
ESCORTS	3000	4500	3	14.90
GUJARAT STEEL	2000	3001	3	14.25
GENELEC AMBUJA	3000	4554	3	14.94
GTC IND	3000	4533	3	14.93
GODFREY PHILIPS	3000	4533	3	14.75
HIND CONST	3000	4533	3	14.93
HIND ALLOYS	3000	4533	3	14.93
HILTON RUBBERS	2000	3036	3	14.93
ITC	5000	7555	3	14.75
INDIA CEMENT	3000	4542	3	14.85
INSTRUMENTATION	1000	1475	3	13.83
JAMA AUTO LTD	3000	4555	3	14.93
JAYANT VITAMINS	3000	4503	3	14.90
J.K. SYNTHETICS	3000	4500	3	14.47
KIR INVEST	2000	3036	3	14.93
KREST DEV	1000	1518	3	14.93
KANORIA CHEM	3000	4533	3	14.93
KAMALA SOLVENT	1000	1518	3	17.26
LUPIN LABS	4000	6072	3	14.93
L&T	3000	4468	3	14.20
MGF (INDIA)	2000	3036	3	14.93
MODI XEROX	2000	3036	3	14.93
MODI RUBBER	2000	3037	3	14.94
MCLEOD RUSS	4000	6044	3	14.74
MODERN THREADS	2000	3036	3	14.93
MODERN SYNTEX	1000	1511	3	14.74
NAGARJUNA STEEL	2000	3036	3	14.93
NAMDANG TEA	4000	6044	3	14.74
PARAS SYNTH	3000	4560	3	14.98
PEICO	3000	4502	3	14.49
PHILIPS CARB	1000	1511	3	14.74
PRECISION FAST	2000	3022	3	14.90
PADAMJEE PULP	3000	4533	3	14.75
PREMIER AUTO	3000	4502	3	14.49
RAPICUT CARB	2000	3036	3	17.27
RELIANCE	5000	7550	3	14.75
RATHI ALLOYS	2000	3040	3	14.98
SANTHI FINANCE	1000	1518	3	14.93
SOUTH VISCOSE	3000	4533	3	14.75
SAIL	2000	2950	3	14.34
SAKTHI FINANCE	1000	1518	3	14.94
SHRIRAM FIBRES	2000	3022	3	14.75
SESA GOA	3000	3035	3	14.91
STRAW PRODUCTS	3000	4533	3	14.93
THAPAR AGRO	3000	4533	3	14.75
TATA TELECOM	5000	7504	3	14.49
TIRUCHI FLOUR	1000	1518	3	17.26
UPCOM CABLES	3000	4533	3	14.75
UNITED BREW	5000	3022	3	14.73
UNITECH	3000	7555	3	14.75
USHA ALLOYS	3000	4554	3	14.9
UPTRON	3000	4533	3	14.75
VARELI TEXT	1000	4535	3	14.75
VAZIR GLASS	2000	3036	3	14.91
VIP IND	2000	3022	3	14.90
WESTERN INDIA	1000	1518	3	14.93
WS INDUS	2000	3022	3	14.75
WIPRO LIMITED	4000	6003	3	14.49
ZUARI AGRO	2000	3037	3	14.94

Note: The list given above is selection of many companies which accept deposits from their shareholders or from the public. Companies offer somewhat lower rate compared to many quite sound private limited companies of partnerships. Readers are advised to take suitable professional advice.

TRAVEL FAIR'90

TRAVEL FAIR'90

TRAVEL FAIR'90

EXHIBITION & CONFERENCE

Invites your participation

Date: Feb 16-18, 1990
Venue: Crystal Room, Taj Mahal Hotel, Bombay.

Conference Theme

Tourism: The Challenge of the '90s

Who will Exhibit ?

Travel Exhibitors will come from every facet of the industry.

- Hotels / Resorts
- Airlines • Tourist Boards • Travel Agents
- Cruiselines, • Railways.
- Rent-a-Car • Credit card • Insurance
- Banks • Convention facility
- Communication system • Computers
- Handicrafts/Handlooms and others

Who will Visit ?

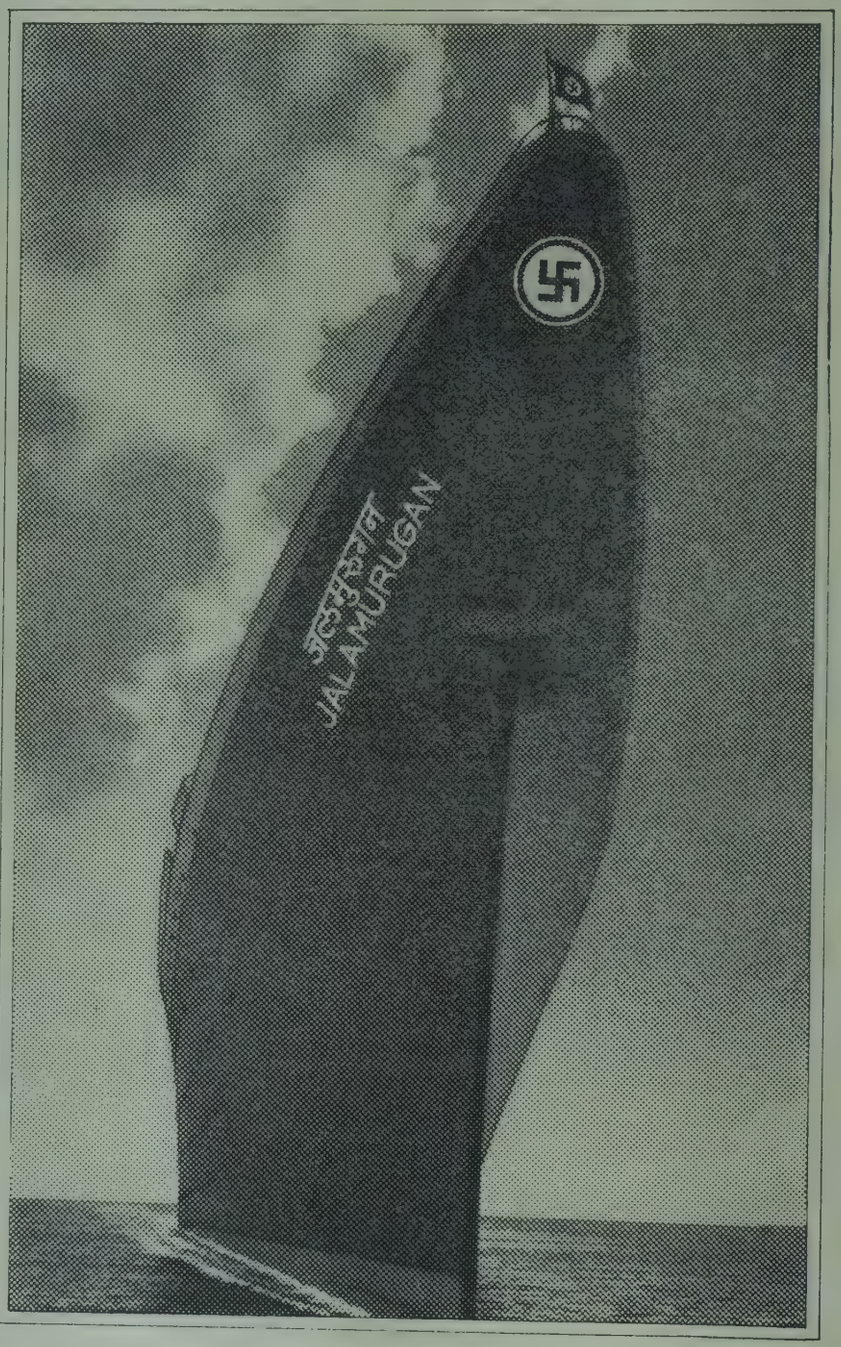
Travel Fair'90 will attract Corporate executives of large and small firms, sales and marketing executives and travel specialists. travel agents, tour operators, corporate travellers, holiday makers, frequent travellers, business travellers, consultants, professionals in tourism and travel planners.

ORGANISED BY: Travel Scene Asia

Address: Room No.83, Mahendra Chambers, 134/136, D.N. Road, Fort, Bombay 400 001.
Tel. No.: 233723/2026185/2029885.

SCINDIA

AFTER A LONG WAIT, A NEW WAKE.



Scindia's Liner Service is re-entering the mainstream of international shipping – to reaffirm its pre-eminence on the high seas.

Starting January 1990, our semi-container vessels will operate between India, the Black Sea, the UK, Europe, and the Mediterranean.

While we confidently set our sights on new horizons, we also remember to thank all those shippers, consignees, agents, stevedores, freight brokers, forwarders, government organisations, Port and Customs authorities, bankers, financial institutions, suppliers and contractors who have stood by us during difficult times.

While seeking their continued support in the decade ahead, we pledge to uphold that standard of business which has kept the Scindia Steam Navigation Company at the crest for seven decades.

Yes, the mood is buoyant... and it has every reason to be.

THE SCINDIA STEAM NAVIGATION CO. LTD.

Reviving a 70-year tradition in Liner Services.

Scindia House, N. Morarjee Marg, Ballard Estate, Bombay 400 038. Phone: 2618168 (Management), 2614213 (Traffic), 2618169 (Technical), Telex: 011-73305, 011-73519, 011-73461.

Dattaram SSN 2

The lone Jack

We have a lone winner in Srikant Girkar who bags the prize this time. We might have had a handful of winners for the contest under review (IC 304). But the unexpected fall in the share price of L&T from Rs.109.50 (October 1989) to Rs.81 (November 1989) caused all predictions to go awry.

Given below is a new list of six scrips, and their closing prices on 5 December 1989. Pick the share that you think will rise the most, in percentage terms by 3 January 1990 and rank it number one. Then choose the one that you expect will rise the second most and rank it number two. Then number three, and so on till rank six. It's as simple as that!

So, in this Investor Contest you don't have to predict the price of shares; you merely have to rank the performance (in percentage terms) on the basis of the prices you expect each to reach on 3 January 1990. You don't have to tell us either the prices or even the percentage changes you expect — only fill in the ranks from one to six.

Please note that if you assign the same rank to two scrips, then the following one should be ranked the next consecutive number. For example, if you rank two shares at number three, the next will be number four (in which case, of course your last rank will be five).

Rules:

1. There is no entry fee.
2. The price mentioned last in the official quotation list of the stock exchange will be taken as correct for purposes of calculation. If the stock exchange remains closed on the stated last day, the closing price on the prior day will be used.
3. Entries must be on the printed form given below. Any other entries will be disqualified.
4. Only one entry will be permitted per form.
5. Envelopes sent in should be marked Investor Contest. All entries should be sent to: Investor Contest, **Business India**, Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, 22 December 1989.
6. **Business India**'s decision on the winning entries is final and binding, and no correspondence in this regard will be entertained.
7. The contest is open only to residents of India. No employee (or any direct relation of an employee) of the **Business India group of publications** is entitled to enter the contest.
8. The prize of Rs.5,000 will not be carried forward if there is no winner. In the event that there is more than one winner, the prize will be shared equally.

Name of scrip	Prices as on Tuesday 5 December 1989 (Rs.)	Rank as on Wednesday 3 January 1990 (please fill in number)
Harware Nylon	54.00	
Herman Remedies	91.25	
Godfrey Philips	51.25	
G.E. Shipping	50.75	
Weaves Cotton	655.00	
SFC	191.25	

Name: _____

Address: _____

Age: _____

Profession: _____

Date: _____

IC307

Where there's smoke, there's fire. Where there's Steelage fire-resisting equipment there's security.

Funny thing about fire. It teaches a lesson too late! What remains are the ashes of one's dream, built by sweat and hard work. Fortunately, most things one values in life are insurable. House, office building, factory, plant and machinery, jewellery. All these are replaceable.

But some things are irreplaceable.

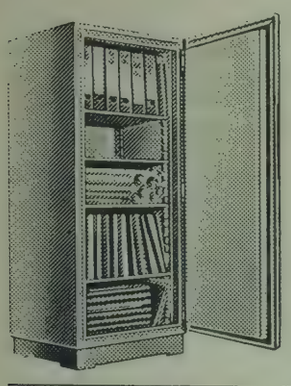
Paper for one.

Title deeds, documentary proof, research papers. Just think of one precious paper or document in your possession. Is it replaceable? At what cost?

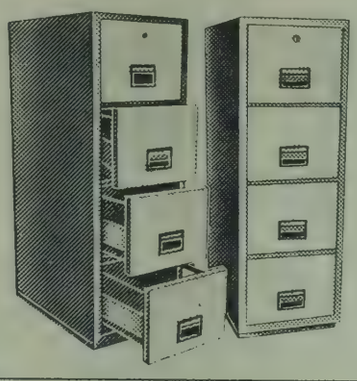
Business is built on paper and today on computer data. Loss of records – such as account books, stock records, sales ledgers and customer lists – results in break in trading. Cash flow stops. You don't know to whom you owe money. Worse, you don't know who owes you money. And how much!

Fire-fighting readiness alone isn't enough. It makes business sense to have fire-protection readiness, too. Steelage.

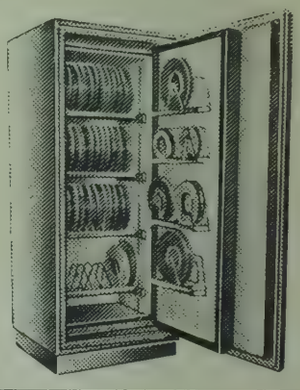
Firebrand Fire-Resisting Cabinet



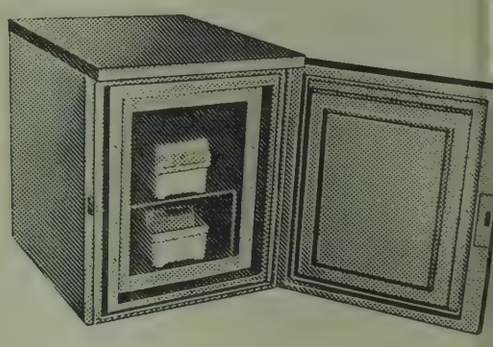
Firebrand Fire-Resisting Filing Cabinet



Dataguard-Fire-Protection Computer Data Cabinet



Micro Cabinet for storage of floppy disks



How fire-resistance is created
Every frame in the construction of the cabinet is perfectly aligned, to the precise fire-resistance standards.

The walls and doors of the cabinet are lined with tested fire-resistant materials. This insulates the interior against strong heat.

The heat-resisting insulation is solid and stable and can also withstand fall impact at high temperatures.

Chubb-tested fire-resisting material
The fire-resistance technology of Steelage is the result of continuous, on-going R&D effort of over 100 years by Chubb. The fire-resistance material presently used is specially developed by Chubb to retain solidity and stability and does not deteriorate with age.

Steelage wins the CBRI certificate in fire-fighting fitness
Instead of pouring the fire-resisting material, these are now lined along the door and walls of the cabinet. The fire-resisting material itself is far superior and there are other areas where the fire-resisting quality has been enhanced to the latest international standards. Steelage fire-resisting cabinets and filing cabinets have successfully passed the CBRI, Roorkee test for both fire-resistance and impact.

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Fax: 9122-851-2954 Telex: 011-75728
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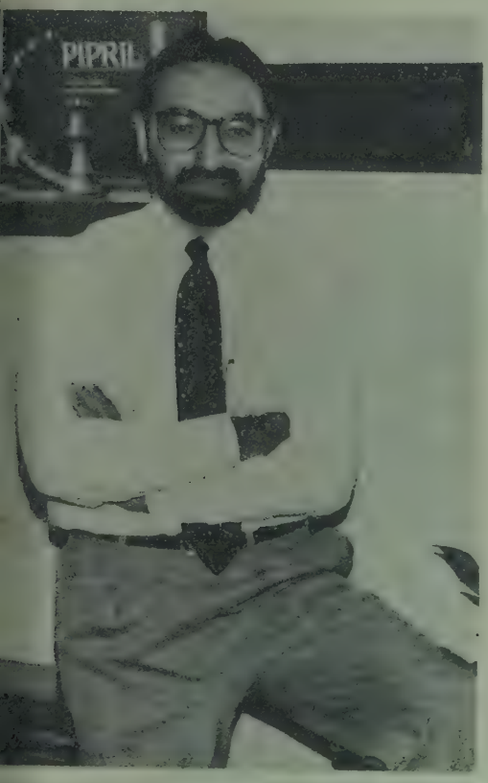
Keep a step ahead of fire

Be 100% security conscious with Steelage

Dattaram:SA

A 'transnational' manager



en Bakshi, *39, is managing rector, Cyanamid India*

our years ago, when Ken Bakshi came om Zurich to Bombay to take over as the ce president of Cyanamid India, the com- ny was passing through its worst ever isis. Ten years of stagnation in growth, ought about largely by restrictions on reign-owned pharmaceutical com- nies, had led to this subsidiary of Ameri- n Cyanamid, being reduced to virtually raping the bottom of the profitability rrel. The company's inherent strength the form of a good cash hoard and low debtedness alone was keeping it afloat the face of competition.

Bakshi, till then based in Switzerland as usiness manager for the pharmaceuti- l giant, arrived here with a clear objec- e — to put Cyanamid India back on the ad to high profits. Ten months later he s elevated to the post of managing di- ctor, and three years of the aggressive anagement reorganisation and hard rk put in hence seem to have finally rne fruit. At Rs.64 crore last year's sales re more than 40 per cent higher than in 87 and at Rs.3 crore, profits had more an doubled since he took over.

obal aims. Bakshi views himself as a ransnational manager" and is clearly ning to move up the company's corpo- rate ladder. "If I aspire to be a global manager," he says, "then I will have to try my hand elsewhere, and that is what I plan to do 18 months from now."

The only son of a Delhi businessman, Bakshi took the route via St. Joseph School, Nainital and St Stephen's College, Delhi to go to the US in 1972 to do his MBA in international finance at Rutgers State University, New Jersey. After this he first took up a job with IBM in their copiers division and then moved on to Corn Products Company before joining his present employers in 1980. Five years later having acquired an American citizenship, an American wife and a virtually American name — Kanwaljit, his original name, was shortened to Ken — he moved to Zurich.

Bakshi says he sought the Indian posting for two reasons — he wanted his American family to experience India, and there was potential to do a lot at Cyanamid India. His first effort in 1986 was to dilute the American holding in the company from 55 per cent to 39.9 per cent. The stagnation in growth and profitability of this once prosperous company was largely due to its FERA status.

Apart from this structural change, Bakshi's other big drive at Cyanamid was to "flatten" the management structure. He recruited a host of new young managers who were given independent responsibility.

And taking immediate advantage of its new non-FERA status, the company, in the next three years, introduced six new products — it had introduced none in the ten years before — all of which have contributed substantially to the company's rapidly rising profitability.

Business driven. Bakshi finds his success worth the effort. "We can now talk in terms of a 30 per cent annual growth without feeling embarrassed or flaky." His plans for Cyanamid go beyond just increased sales or introduction of new products. "Ours will be a business driven growth rather than a product driven one," he says.

It is unlikely, though, that the 'transnational' manager will be around when this happens. But Bakshi would regret leaving India, "When I came here four years ago, someone had told me that Bombay would grow on me. It has."

■ N. RADHAKRISHNAN

FRONTRUNNERS

A first-class electronics engineer from IIT, Kanpur, the 37-year old **Bhaskar Pramanik,** vice president, sales & marketing, Digital Equipment (India) Ltd, began as assistant manager in DCM Textiles' retail sales department. In 1975, he joined NELCO as its youngest divisional manager and contributed largely to the profitability and growth of the business systems division. He left NELCO in 1985 to join Blue Star as general manager (sales), at its Hewlett Packard (HP) division.

Pramanik joined Digital Equipment in 1989. "A lot of the Blue Star/HP practices are similar to Digital's, which makes it easy for me to fit into Digital and start being productive." Talking about Digital's future, Pramanik says, "We want to usher in a qualitative change in the way we do business. We want to become one of the top five computer companies in India."

DP

For **Abha Kapoor,** 27, it has been a smooth transition from an account manager at Bank of Credit & Commerce to a head hunter at an upcoming finance company. Kapoor is a vice president at Worldlink Finance Ltd., in charge of its newly formed placement division. A MMS from Narsee Monjee Institute in Bombay, she wants to make her division the best in the country for recruiting Indian professionals to senior positions in the Middle East, Australia and New Zealand. "I am amazed to see the kind of talent that exists here," says Kapoor, "Indian professionals always stand a good chance because, apart from being intelligent, they are also prepared to put in additional hard work."

Avidly fond of interacting with people, she would like to dabble in merchant banking, marketing and consultancy in the future.

RB

The making of a manager

Placement season in the major management institutes and engineering institutes is around the corner and companies are once again busy deciding their strategy to woo management trainees. The focus is naturally on the remuneration (which increases at a rate faster than the cost of living!) and growth opportunities to be highlighted to the trainees. But the sad reality is that very little thought is given in most organisations on how to induct these trainees into the organisation, what to do with them in the initial years and on what is expected of them in the long term.

It is still a fact that most companies believe that to revitalise a company or to "professionalise," all they need to do is to recruit a few bright young MBAs. It is all too infrequently recognised that much hard work and investment of scarce senior management time is needed to make a manager out of even a bright, motivated, aggressive and technically well qualified youngster.

No training scheme

Most companies have no training schemes or a formal programme of induction. Even in the few that do have such a programme, it consists of a formal one-to-five-day session in which the usual sales pitch about the company, its growth plans and its people is presented. Trainees are routinely introduced to senior management at lunch or dinner during such sessions, with promises of spending more time. The trainees never have any further interaction or exposure to these managers thereafter.

Training thereafter is meant to be (euphemistically) "on the job". And in most cases this means to be an odd-jobs-man without any defined job or responsibility. The individual's initiative and the receptivity of the immediate person he is assigned to determines the "training" and exposure he gets. Often the person he is assigned to was in the first place not interested in having the person around or does not know how to utilise him. Often, a well meaning superior is simply too busy in a host of routine operational tasks so that he has no time to spend on someone who cannot immediately contribute to his day to day operational needs. This is, naturally, often a very shattering experience to trainees with high expectations and to any youngster eager to make a headstart on his first job.

The experience of companies the world over, including those of companies like Hindustan Lever in this country, have shown that the management trainee properly groomed and developed, is the most useful resource in the long term. Increasingly, companies find that even managers with excellent track records fail to perform in a different organisation because they may not be able to culturally adapt to the professional and social environment of the new organisation.

Clearly, companies recruiting trainees need to define what jobs they would like the trainees to man in the first five years and, therefore, what special knowledge, exposure and experience this would require. And it has to be understood that being an "assistant" can only be for a certain period of time for well qualified professionals; thereafter, responsibilities have to be clearly defined. And the trainee should be developed to take on those responsibilities.

A common bond, and shared values on issues, is largely a result of what trainees and subordinates perceive to be the attitude and approach of superiors they are directly in touch with. It is a well accepted fact that the first few years in one's career, to a large extent, determine the future direction

Right attitude

In this context it is important to note that while planning the job or assignment placement of the trainee, it is very important to consider whether the manager to whom he is to be assigned has the right attitude and people skills himself. Learning in the initial years is as much, if not more, to do with attitudes. This involves inculcating the kind of work ethic and values as well as concepts of excellence the company would like to see develop in the organisation.

To a large extent, people skills and a proaches to human issues are depende on the values that the organisation u holds. A common bond, and shared valu on these issues, is largely a result of wh trainees and subordinates perceive to the attitude and approach of superio they are directly in touch with. It is a w accepted fact that the first few years one's career, to a large extent, determi the future direction of one's career. T role of a mentor at this stage is therefo crucial.

In deciding the nitty gritty details of a signments/projects to be handled by t trainee, the importance of the company thinking on issues such as cross-fun tional experience or line and staff exper ence is to be emphasised. Assignin projects in areas that are not considere to be important to the company, such a cross functions, in a company that strictly functional, will have limited utili unless it is a planned move to change t ethos. It must be recognised that even change is contemplated, unless a traine is inducted thoroughly into areas that a currently the key functions/operations the company, he can make little contrib tion towards change.

Need to define

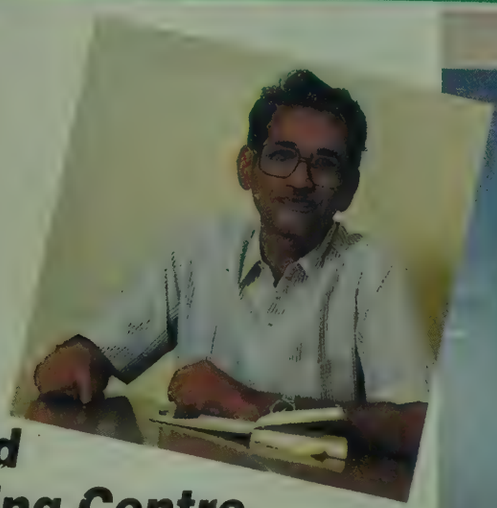
Another major issue to be considere especially for multi-divisional companie and groups is whether to have a commo training programme for trainees in a businesses and whether there is any rele vance of having training in several div sions. It is essential for the larger group and companies to define whether the seek to develop managers with industr specific experience or as managers wh can be utilised in any operation, such a was envisaged by the Tata Administrativ Service. The entire development proces has necessarily to be different for thes scenarios.

It is a pity that senior management o ten forgets that the bright spark recruite from top institutes in the country ha turned out to be "useless" at the end of fiv years, and this, more often due to the lac of exposure and development provided i the company. The planned and systemati development of trainees, in accordanc with the organisation's concepts an values of management, can alone result i getting committed senior managers wh can provide appropriate leadership to company.

■ ANITA RAMACHANDRA

KL VMC 345

CNC VERTICAL MACHINING CENTRE
THE MULTI – PURPOSE WORK STATION



r. S.A. Kanetkar, Managing Director,
lgaum CNC Applications, Belgaum.

've discovered
CNC Machining Centre
hat does the work of three!"

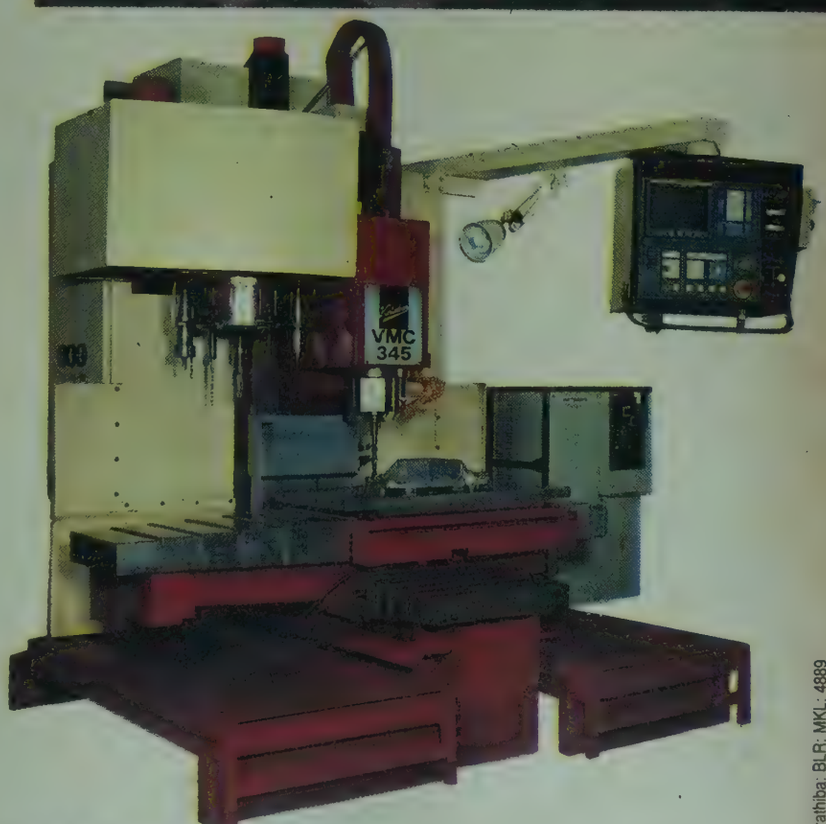
believe that a single point capability eliminates efficiency and improves accuracy and roductivity. I have come to realise this after years experience.

hat's why I decided on Mysore Kirloskar's Vertical achining Centre VMC-345. The machine offers e a range of operations – milling, drilling, tapping nd boring – at a single work station.

oday, I have increased productivity and cut down astically on downtime, inventory, inspection and iections, and upgraded the quality of my achined components as well. All in all, I must say, very cost efficient investment.

s far as support services go, Mysore Kirloskar's ersonnel ran a thorough training session for my erators. And, in the unlikely event that some aintenance is required, the Mysore Kirloskar rvice back up can be relied upon. I know that m experience.

ere, I most appreciate the company's attitude wards a small scale industrialist like me."



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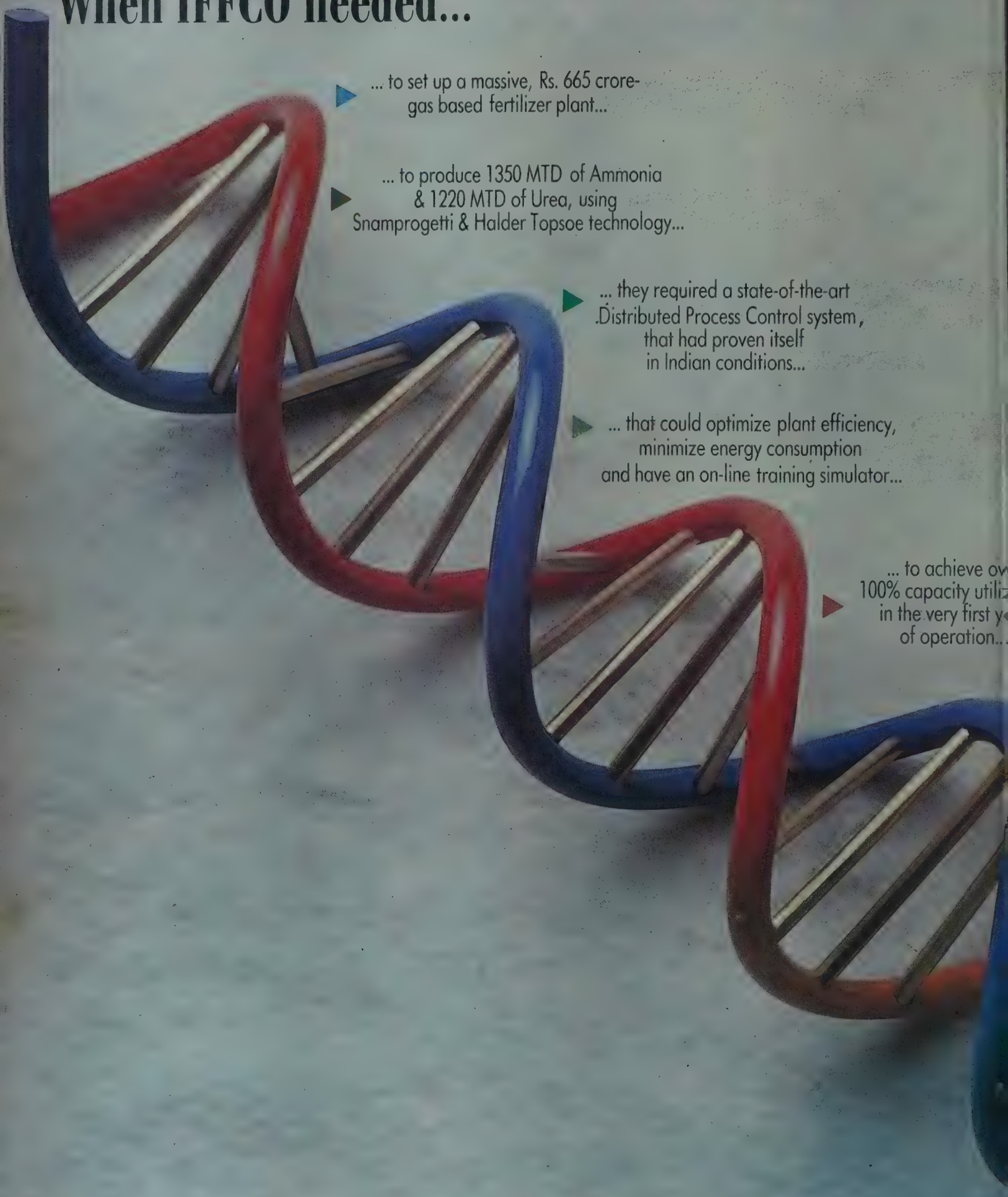
- Machine fitted with highly reliable FANUC package for maintenance free operation.

When IFFCO needed...



... to set up a massive, Rs. 665 crore-gas based fertilizer plant...

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... they required a state-of-the-art Distributed Process Control system, that had proven itself in Indian conditions...

... that could optimize plant efficiency, minimize energy consumption and have an on-line training simulator...

... to achieve ov 100% capacity utili in the very first y of operation...

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When IFFCO required process control for one of India's largest fertilizer plants, they banked on the resources of Taylor India, for two reasons—proven expertise and unequalled experience.

Expertise—to successfully adapt the latest international technology, to the most trying Indian conditions. Using technology that stems out of its association with Combustion Engineering, USA (one of the world leaders in Process Control.)

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... all to satisfy
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...Only Taylor had 25 years of trusted expertise to take on the task.

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AURELEC DATA PROCESSING SYSTEMS, AURAVILLE [illegible] • BANGALORE [illegible] • CALICUT [illegible] • COIMBATORE [illegible] • MADRAS [illegible] • MADURAI [illegible] • PONDICHERRY [illegible] • TRICHY [illegible] • TRIVANDRUM • DEALERS [illegible] SERVICE • COIMBATORE [illegible] • COMPUTER CENTRE [illegible] COMPUTER SYSTEMS, MADRAS [illegible] • DATA JOHN & ASSOCIATES, MADRAS [illegible] • INTELLIGENT [illegible] MADRAS [illegible] • MICROTECH [illegible] • LAN COMPUTER MART, TRICHY [illegible] • ASSOCIATED SOFTWARE CONSULTANTS, MAI INFORMATION INSTITUTE, BHARATNAGAR • [illegible] COMPUTERS PVT. BOMBAY [illegible] • AHMEDABAD [illegible] • BANGALORE [illegible] • CALCUTTA [illegible] • HYDERABAD [illegible]

Usha **Albuquerque** is another one of those who smoothly made the transition from the front end of the camera to the other. From reading the English news on TV, she is now making a serial for Doordarshan's breakfast transmission. And her programme, *Professionals*, has received encouraging, if not altogether rave reviews.

Says Usha, "While working for the *Celebrity* magazine in Bombay, I was often exasperated at the advertising department for not delivering until they protested that bringing in ads was not a cakewalk. It was then I realised how little I knew about other professions." Since then, she has gone about exploring the lives of other professionals in a series of interview-based, 15-minute clips. They are meant both for the isolated professional, as well as for young people looking at career options.

After producing five — on bankers, ad men, journalists,

IAS officials and airline pilots — he is already looking for an extension. "I have had a barrage of calls from doctors, foreign servants and computer engineers querrying why I ignored them." Doordarshan willing, Professionals could well have an extended run on the small screen.

What does **Piyush Mankad**, controller of capital issues, do when he is not smiling benignly at the stockmarket and mega issues? One doesn't know the details, but during the latter part of November he was traced to Fatehpur, prime minister V.P.

Singh's Lok Sabha constituency. Call it a quirky coincidence, or *fait accompli*, but there was Mankad criss-crossing the dusty roads of Fatehpur as an election commission observer.

When asked about his new — and temporary — job, Mankad's answer was a stock "No comment". But a V.P. Singh aide had this to offer: Mankad is in Fatehpur to ensure that Singh's public issue is oversubscribed!

Marriages, they say, are made in heaven. It was quite that with the stars of the National Front who took time off from their duties to attend the wedding of Kanimozhi, daughter of Tamil Nadu chief minister **M. Karunanidhi**, on 3 December in Madras. Kanimozhi married Athiban Bose, a scion of an old Congress family from Sivakasi. The American educated Bose's family has been in fire cracker manufacturing for decades. Deputy prime minister, **Devi Lal** dashed down in an IAF plane along with former President **Zail Singh**. Devi Lal used the occasion to assure the Tamils that he is no language fanatic. He also increased the rice quota from the central pool, the shortage of which was one of the reasons for the DMK debacle in the state.

Apart from the political bigwigs, whose presence must have warmed the CM's heart, other prominent guests included SPIC chairman M.A. Chidambaram and his son A.C. Muthiah. Obviously marriages are great occasions for declaring togetherness.

Meet **Rupa Mehta** — the woman who brought Dhirubhai Ambani's better half in from the cold. Along with **Kokilaben Mehta**, that is Dhirubhai's wife, came his two daughters — Deepti and Neena — and only daughter-in-law, Mita Ambani. They came, sans all Ambani males, to inaugurate Mehta's exhibition of paintings at the Cymroza Art Gallery in Bombay on 26 November.

According to Mehta, the Ambanis are old family friends and Kokilaben is a connoisseur of art. She has also sponsored Mehta's first ghazal album — *Mai nagma, meri nagma* — and has been a constant inspiration to this lady of versatile accomplishments who has cut four discs under the pseudonym of Nagma.

It was for the first time that Shreenath paintings (Indian miniatures depicting Lord Krishna) were tried out in oil on canvas by Mehta. Needless to mention, the exhibition was a big success with 17 out of 20 paintings sold in a week. The Ambanis' presence of course helped.

Maharashtra chief minister Sharad Pawar's lieutenant, that wily Pune based businessman and member of parliament (MP) **Suresh Kalmadi**, was one of the four ex-servicemen felicitated by Maharashtra Governor K. Brahmananda Reddy, for achieving recognition in civil life.

A former Indian Air Force pilot, Kalmadi was suitably awarded for his loyalty, to the current CM, during the latter's months in political wilderness, with the chairmanship of the Maharashtra Tourism Development Corporation. Determined to put Maharashtra high up on the country's tourism map, Kalmadi has been accused, by detractors, of being the main conduit for channelling NRI funds into state tourism.

Among others to receive the same honour at the Armed Forces Flag Day function last week, were Lieutenant General S.P.P. Thorat (recipient of the *Kirti Chakra* and *Padma Shree*), Captain C.P.K. Nair (for industry), social worker Anna Hazare, who was recently on a hunger fast at Nagar and Gufi Paintal, a TV artiste who plays the role of Shakuni in the *Mahabharata*, apart from being production-in-charge!

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(iii) Bachelors degree in Engineering and Technology with 60% marks.
(iv) B.Com(Pass)/B.A.(Pass) with 55% and B.Sc. (Gen.) with 60% marks.
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Hostel Accommodation : Limited hostel accommodation is available to the students.

How to apply : The prospectus and application form may be obtained personally from the office of the Programme Co–ordinator (Room No. 303), Arts Faculty Building, University of Delhi South Campus, Benito Juarez Road, New Delhi - 110021 on payment of Rs. 10/- in cash or through post by sending a crossed Indian Postal Order/Bank Draft for Rs. 10/- in favour of Director, University of Delhi South Campus alongwith a self addressed and stamped envelope (6"x9") bearing stamps of Rs. 2/-. Applications duly completed should reach the office of the Programme Coordinator, Professor M.Y. Khan latest by January 25, 1990.

Candidates appearing for the final year of Bachelors Degree examination can also apply.

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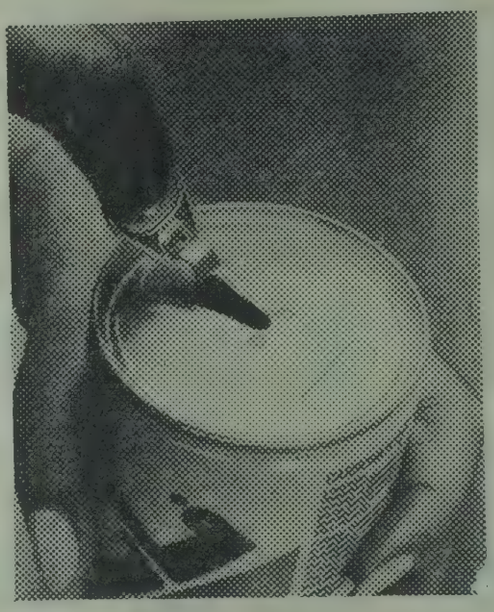

HIGHLIGHTS

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BOI Finance Limited
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Dalal Street, Bombay-400 023.

Co-Managers to the Issue

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Advisors to the Issue

State Bank of Hyderabad
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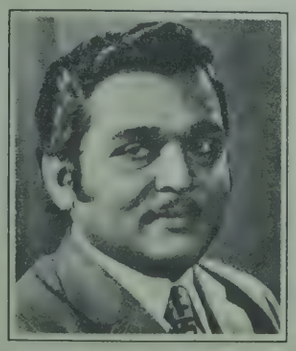
The Project with assured success

Concept

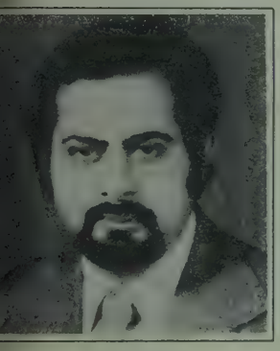
. Shivram has taken over as group regional manager (south) for Usha Rectifier Corporation (India) Ltd.

Nihal Garware has been appointed director of Garware Paints Ltd and Garware Synthetics Pvt Ltd.

S.P. Gupta has taken over as commercial director of Bongaigaon Refinery and Petrochemicals Ltd.



A.M. Naik has been appointed whole-time director of Larsen & Toubro Ltd and designated vice-president, operations.



Moorad Fazalbhoy has been appointed chairman and managing director of Photophone Ltd.

Jaideep Garware has been inducted as a whole time director of Garware Paints Ltd.

I.C. Singhal has been appointed managing director of International Ceramics Ltd.

H.S. Uberoi has taken over as regional director-India for Air India.

V.K. Padmanabhan has been appointed president of the Madras Stock Exchange. **S.P. Sivaprakasam** has been appointed its vice-president.

B.C. Madappa has been promoted as president of Corporate Voice Issue Support and executive director of Corporate Voice. **Mohan Krishnan** has been promoted as executive director of Odyssey and Pyramid.

P. Madhav Rao has been appointed branch manager (Bombay) of Tata Keltron Ltd.

K. Ruknuddin has taken over as deputy managing director (development & planning) of State Bank of India.

R.K. Saraf has taken over as director (personnel) of Bharat Heavy Electricals Ltd.

P.J. Mantri has been appointed president of the Pune Stock Exchange Ltd.

Vishwanath Dhuri has been appointed president of the Ludhiana Stock Exchange Association Ltd. **B.S. Sidhu** has been appointed vice-president.

Anand Tendolkar has taken over as manager (Bombay) of Karishma Advertising Ltd.

S.K. Bahira has been appointed general manager (finance) of Power Finance Corporation Ltd.

T.H. Chowdary has taken over as chairman of Andhra Pradesh Electronics Development Corporation Ltd.

Santosh Kumar Ghosh has taken over as director (technical) of Bharat Coking Coal Ltd.

K.S.H. Rao has been appointed vice-president of Mudra Communications Ltd.

ASSOCIATIONS

.K. Agarwal has been lected chairman of the lothing Export rocessing Zone ndustrial Cooperative state Ltd. **M.G. undalani** was elected ice-chairman.

Iansraj Mariwala has een elected president of he Central Organisation or Oil Industry and rade.

hyamsunder Kejriwal as been elected resident of Hindustan hamber of Commerce.

Madhusudan J. Desai has been appointed as the second managing director of Anand Regional Cooperative Oilseeds Growers' Union Ltd.

G.K. Khanna has been elected president of the Travel Agents' Association of India. **Pradip Madhavji** has been elected vice-president.

F.C. Rustagi has been elected chairman of the northern India chapter of Chemtech Foundation.

S.N. Sain and **Gurnam Saran** have been elected vice-chairman.

K.P. Gupta has been elected chairman of The Plastics & Linoleums Export Promotion Council.

R.K. Raman has been elected president of the All India Rubber Industries Association.

P.N. Singh has been elected chairman of the Federation of Asian Institute of Management Alumni Association.

Purusottamdas Patodia has been elected chairman, Cotton Textiles Export Promotion Council. **Mohanlal Piramal** has been elected deputy chairman.

B.N. Kothary has been elected chairman of the Synthetic & Rayon Textiles Export Promotion Council.

M.L. Mehra has been elected chairman of the Indian Silk Export.

Senior executive positions

A compilation of executive positions advertised in **Business In** and other major publications between 20 November and 3 Decem 1989.

WEST

- VICE-PRESIDENT (Technical) * Kolhapur/Bombay * *Sal* NS * *Age/Qlfn* NS * NS * *Reqd* 10 to 15 years experience in reputed cotton spinning mills * *Cont* Datamatics Staff Service, Post Box 106, Bombay 400001 (ToI - 22.11)
- GENERAL MANAGER (Finance) * Bombay * *Sal* NS * *Age/Qlfn* NS * NS * *Reqd* 20 years experience out of which at least 5 years in a senior level * *Cont* Joint General Manager, Essar, Maker Chambers IV, 3rd Floor, Nariman Point, Bombay 400021 (ToI - 23.11)
- GENERAL SALES MANAGER * Bombay * *Sal* Negotiable + housing, car +, perks * *Age/Qlfn* 35 years * MBA with science/engineering background * *Reqd* 10 years experience in sales with good exposure in marketing * *Cont* The Personnel Manager, Johnson & Johnson, 30 Forjett Street, Bombay 400036 (ToI - 27.11)
- VICE-PRESIDENT (Marketing) * Bombay * *Sal* Attractive * *Age/Qlfn* 35 to 40 years * MBA * *Reqd* Adequate experience in successful launch of various consumer/consumer durable products, should have innovative method of selling the product * *Cont* Chander Batheja, Chief Executive, The Concept, Counsel of Management Service, 67 White Hall, 143 August Kranti Marg, Bombay 400036 (ToI - 27.11)
- CHIEF OF EXPORTS * Bombay * *Sal* Excellent * *Age/Qlfn* 40 years * NA * *Reqd* At least 5 years experience at a senior level independently handling a large export portfolio * *Cont* Mahajan Albara, I Chawla House, 62 Wodehouse Road, Colaba, Bombay 400005 (BI - 27.11)
- VICE-PRESIDENT (Marketing) * Bombay * *Sal* Excellent * *Age/Qlfn* 35 to 40 years * MBA * *Reqd* 10 to 15 years experience in marketing and sales of branded consumer products * *Cont* A.F. Ferguson Associates, Post Box 1786, Bombay 400001 (BI - 27.11)
- CHIEF EXECUTIVE * Belgaum * *Sal* Rs.1 lakh pa + house + car + perks * *Age/Qlfn* 40-48 years * Engineer * *Reqd* Experience in edible oil industry/technology * *Cont* ABC Consultants, 43/3 Hazira Road, Calcutta 700019 (H - 28.11)

NORTH

- PRESIDENT * New Delhi * *Sal* Attractive * *Age/Qlfn* NS * NS * *Reqd* 20 years experience out of which minimum 5 years experience in top management * *Cont* Post Box 990, The Statesman, Calcutta 700001 (S - 22.11)
- GENERAL MANAGER (Exports) * Ludhiana * *Sal* Attractive * *Age/Qlfn* NS * NS * *Reqd* Experience of import/export policies and procedures and also of international trading practices * *Cont* The General Manager, Hero Cycles Limited, Hero Nagar, G.T. Road, Ludhiana 141003 (ToI - 23.11)
- DEPUTY EXECUTIVE DIRECTOR * New Delhi * *Sal* Rs.3 lakhs pa * *Age/Qlfn* 35 to 45 years * NS * *Reqd* Experience in overall integrated business management of works * *Cont* ABC Consultants Pvt Ltd, 209 Meghdoot, 94 Nehru Place, New Delhi 110019 (ToI - 24.11)
- FINANCIAL CONTROLLER * New Delhi * *Sal* Rs.2 lakh pa + perks * *Age/Qlfn* NS * CA * *Reqd* At least 10 years experience out of which 3 years in similar position * *Cont* Director, Jagson International Ltd, 6 P. Lal Building, 2nd floor, 42 Janpath, New Delhi 110001 (BI - 27.11)
- FINANCIAL CONTROLLER * New Delhi * *Sal* Rs.2 lakh pa + perks * *Age/Qlfn* MA * Chartered Accountant * *Reqd* 10 years experience out of which 3 years should be in a similiar position should also be well aware of cash flow management taxation * *Cont* The Director, Jagson International Ltd, 6 P. Lal Building, 2nd floor, 42 Janpa New Delhi 110001 (BI - 27.11)
- CHIEF EXECUTIVE * New Delhi * *Sal* Attractive * *Age/Qlfn* Arou 40 years * NS * *Reqd* Senior management experience in technolo along with sales and marketing experience * *Cont* The Execut Vice-President, Wipro Ltd, Bakhtawar Bldg, 229 Nariman Poi Bombay 400021 (H - 30.11)

EAST

- COMPANY SECRETARY * Calcutta * *Sal* Attractive * *Age/Qlfn* N NS * *Reqd* Qualifications in the finance and management * *Co* Director, Bhalotia Gmbh Works (P) Ltd, 187 Mahrshi Devend Road, Calcutta 700006 (S - 24.11)

SOUTH

- CHIEF EXECUTIVE * South India * *Sal* Rs.1 lakh pa + house perks * *Age/Qlfn* 38 to 45 years * Electronic/chemical enginee *Reqd* Experience in PCB technology and a good marketing unde standing in computers telecommunications * *Cont* ABC Consu tants Pvt Ltd, 43/3 Hazira Road, Calcutta 700019 (S - 26.1
- GENERAL MANAGER * Kerala * *Sal* Attractive * *Age/Qlfn* Arour 45 years * Degree in chemical/mechanical/electric engineering *Reqd* 15 years relevant experience in process industry. Out which 5 years at senior level * *Cont* ABC Consultants Pvt Ltd, Jaganathan Street, Madras 600034 (BI - 27.11)
- GENERAL MANAGER * Hyderabad * *Sal* Attractive * *Age/Qlfn* Ov 40 years * Graduate in engineering * *Reqd* 10 to 15 years experien in handling the material function in process industries * *Cont* A. Ferguson Associates, Post Bag 1261, Madras 600034 (BI - 27.1
- GENERAL MANAGER (Consumer Electronics) * Hyderabad * *S* Rs.84,000 pa * *Age/Qlfn* 50 years * Graduate/post graduate in ele tronics * *Reqd* 18 years of experience minimum out of which 8 yea in senior managerial position * *Cont* The Personnel Manager (R cruitment), Electronics Corporation of India Limited, ECIL Pos Hyderabad 500762 (ToI - 30.11)

Executive positions

TOI — Times of India; *IE* — Indian Express; *H* — The Hindu; *S* — Statesman; *HT* — Hindustan Times; *ET* — Economic Times; *Econ* — Economist; *BI* — Business India

NATIONAL

- FINANCE MANAGER * Calcutta * *Sal* Attractive * *Age/Qlfn* 35 to 45 years * CA/ICWA * *Reqd* At least 8 years experience out of which 5/6 years in senior positions in a large/medium size firm * *Cont* Senior Corporate Personnel Manager, Cyrie Corporation of India Ltd, 19 Jawaharlal Nehru Road, Calcutta 700087 (S - 22.11)
- MARKETING MANAGER (All India) * Delhi * *Sal* NS * *Age/Qlfn* NS * Post graduate degree/Diploma in Business Administration * *Reqd* 10 years experience in marketing desirable * *Cont* The Chief Marketing Manager, Expo Machinery Limited, Pragati Tower, 26 Rajendra Place, New Delhi 110008 (HT - 1.12)
- SYSTEM ANALYST (EDP) * Bombay * *Sal* Attractive * *Age/Qlfn* Around 30 years * Post graduate with professional qualification in computers * *Reqd* 5 years experience of working on 3rd and 4th generation computers, in systems design and programming * *Cont* Personnel Director, Roche Products India, 28D M.M. Malviya Road, Bombay 400034 (ToI - 1.12)
- COMPANY SECRETARIES * Tamil Nadu/Orissa * *Sal* Attractive * *Age/Qlfn* NS * ACS * *Reqd* 5 to 7 years experience in company with large number of shareholders * *Cont* Personnel Manager, Dharani Sugar & Chemicals Ltd, 1 Venus Colony, IInd Street, Madras 600018 (H - 2.12)
- RESEARCH SCIENTISTS * New Delhi * *Sal* Excellent terms * *Age/Qlfn* NS * PhD in organic chemistry * *Reqd* 3-5 years experience in process development and research * *Cont* General Manager, Ranbaxy Laboratories Ltd, 25 Nehru Place, New Delhi 110019 (S - 3.12)
- FINANCE MANAGER * Nashik * *Sal* NS * *Age/Qlfn* NS * CA with ICWA * *Reqd* 5 years experience in engineering industry in areas such as budgeting, maintenance and finalisation of accounts * *Cont* Assotex Engineering Industries Ltd, D-2 MIDC, Abad, Nashik 422010 (ToI - 23.11)
- SALES EXECUTIVE * Calcutta * *Sal* NS * *Age/Qlfn* Around 26 years * Veterinary science graduate * *Reqd* Experience in marketing must be proficient in converting product features into innovative selling strategies * *Cont* General Manager, Merind Ltd, New Media Centre, 17 Cooperage, Bombay 400039 (S - 24.11)
- EDP EXECUTIVE * Calcutta * *Sal* Attractive * *Age/Qlfn* Around 30 years * 1st class post graduate in science or mathematics * *Reqd* 5 years experience in Design Development of systems, finance and marketing * *Cont* Larsen & Toubro Ltd, Powai Works, PO Box 8901, Bombay 400072 (ToI - 25.11)
- FACTORY MANAGER * Assam * *Sal* Rs.1.20 lakh pa + house + car * *Age/Qlfn* 35 to 45 years * Graduate in Engineering/CA * *Reqd* Must have sound experience in techno commercial and also some experience in labour handling * *Cont* ABC Consultants Pvt Ltd, 43/3 Hazra Road, Calcutta 700014 (S - 26.11)
- SENIOR MANAGER (Technical) * Andhra Pradesh * *Sal* Attractive * *Age/Qlfn* Around 40 years * Chemical engineer * *Reqd* 10 to 15 years experience in quality control and research and development of any chemical process industry of which at least 8 years in paper industry * *Cont* A.F. Ferguson Associates, Post Bag 1201, Madras 600034 (BI - 27.11)
- MARKETING MANAGER * New Delhi * *Sal* Attractive * *Age/Qlfn* 33-38 years * Graduates in science or chemical engineering, MBA's will be given preference * *Reqd* 7-10 years experience in marketing and sales of bulk drugs, chemicals etc * *Cont* Senior Manager (Corporate Personnel), Max India Limited, Devika Tower 6 Nehru Place, New Delhi 110019 (BI - 27.11)
- PRODUCT EXECUTIVE * Bombay * *Sal* Attractive * *Age/Qlfn* 25 to 30 years * Post graduate/graduates in management * *Reqd* 3 to 5 years experience in product/sales in consumer product industry * *Cont* General Manager (Marketing), Computer Media Products, Kores India Limited, Post Box 6558, Worli, Bombay 400018 (ToI - 30.11)
- SENIOR MANAGEMENT PERSONNEL * Alibaug (Maharashtra) * *Sal* Attractive + house + perks * *Age/Qlfn* NS * Engineering degree * *Reqd* At least 15 years experience in project implementation in petro chemicals/cements and steels * *Cont* Personnel Manager, Kalyani Steel Limited, Mundhwa, Pune 411036 (BI - 27.11)
- EXPORT EXECUTIVE * Near Madurai * *Sal* Rs.42,000 pa * *Age/Qlfn* 30 years * NS * *Reqd* A sound background in commerce export management with 5 years experience * *Cont* Human Resources (P) Ltd, Post Box 1170, Coimbatore 641002 (IE - 1.12)
- PROJECT MANAGER * Gwalior * *Sal* Attractive * *Age/Qlfn* NS * A degree in mechanical engineering * *Reqd* 12 to 15 years of experience in fabrication, machining & assembly of equipment * *Cont* General Manager, Crompton & Greaves, 1 Dr V.B. Gandhi Marg, Fort, Bombay 400023 (ToI - 30.11)

OVERSEAS

- DEPUTY CHIEF ACCOUNTANT * Muscat * *Sal* Rs.1.9 lakh pa * *Age/Qlfn* Under 30 years * CA * *Reqd* 3 to 4 years experience in computerised environment along with a good academic background * *Cont* Ramesh Bhatia & Co, A/5 Everest, Tardeo Road, Bombay 400034 (ToI - 3.12)
- FINANCE MANAGER * Muscat * *Sal* Around Rs.3 lakh pa + perks * *Age/Qlfn* Around 32 years * CA, ACWA or MBA * *Reqd* 8 years of post qualification experience out of which 3 years as head of the finance functions * *Cont* Ramesh & Batia Co, A/5 Everest, Tardeo, Bombay 400034 (ToI - 3.12)
- EXPORT MANAGER * Europe * *Sal* Attractive * *Age/Qlfn* 30-35 years * B Text/MBA from IIM * *Reqd* 10 years relevant experience and some experience in export management * *Cont* Datamatics Staffing Service, Post Box 106, GPO, Bombay 400001 (ToI - 3.12)

FINANCE MANAGER * Nigeria * *Sal* NS * *Age/Qlfn* NS * CA * *Reqd* 5 to 7 years experience in accounts and finance * *Cont* Kishinchand Chellaram (India) Pvt Ltd, PO Box 2344, Bombay 400002 (ToI - 20.11)

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Above all, our clients are looking for outstanding, target-oriented, senior managers with strong determination to succeed in a rough & tough environment and they will be happy to negotiate **very handsome remuneration package.** Please write to **B P Agrawal, Chairman** and mark the envelope & enclosures with job title & code VPSAP/BPA/2642. Requirements are urgent and particulars of age, education, current position & responsibilities, emoluments drawn & expected, contact telephone numbers, etc., should be mentioned in the bio-data.

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O&M/5570

the concept *have been retained by a well established rapidly expanding Indian Group, the largest manufacturers of PVC leather cloth, turnover having crossed over Rs. 50 crores, multi plant operations, also engaged in the manufacturing & marketing of cushion Vinyl Flooring and Knitted Cloth, Pneumatic Conveying Systems and other activities like Construction etc. to recommend to them a hard core Exports Professional at the General Management level. The Group has ambitious plans of reaching a turnover of around Rs. 100 crores in the next 2 to 3 years' time. The Indian Venture is a major growth opportunity and would expect and offer the very best.*

Besides exporting its own manufactured product lines, they would like to diversify into other commodities and lay further thrust in Merchandising Exports as well. Product sophistication, Quality and Customer Service, Individual creativity, Human Resource Development, are some of the core values stressed by the Company.

VICE PRESIDENT-EXPORTS

The Job: The selected person would be responsible for the overall Export activities including Merchandising Exports. He will be responsible for development and implementation of Export Marketing strategies and plans, Product pricing for International Markets, etc. The major thrust will remain to develop the Export Market for Leather Cloth & Floor Covering, with an objective to keep the manufacturing activities flooded with Export orders.
The assignment would call upon special strengths in the area of International Marketing and Sales of Leather Cloth & Floor Covering, Appointment of stockists/dealers & distributors in different countries, customer service and satisfaction, developing new markets and individual creativity to build and retain International Marketing infrastructure.
The incumbent would also be required to provide feed back to manufacturing personnel in terms of developing existing and new product lines/designs to meet with the International Market needs of various countries from time to time.
He will be heading the division with a profit centre responsibility, slated to be "De-facto Chief Executive" of the division.
As part of senior management team, he will actively participate in the formulation of company strategies, plans and policies and work towards increasing the Groups export turnover from present Rs. 10 crores to Rs. 20 crores in the very first year itself.

The Candidate: The candidate should be young, dynamic, top flight export professional, age group 35-40, preferably an MBA or with a Degree/Diploma in Export Management and with adequate experience in exports of around 10-15 years, of which the later portion should have been at a senior level. Knowledge of foreign language/s would add to his credentials.
The person we are looking for, should be capable, widely travelled, should have excellent contacts, product knowledge and should be a go-getter and willing to accept and meet the challenge. In terms of Merchandising Exports, he should be capable of identifying products for International Markets and establishing existing and new export markets, should be well versed with documentation procedures, operation of export facilities with banks shipment formalities, etc.
He should be able to lead the team of Managers and Officers towards smooth functioning of the Export Department and should be result oriented to achieve the corporate objectives.

The Location: The position is based at Bombay, at the Head Quarters of the Company.

The Environment: The position is in the Senior Management Cadre and would report directly to the Managing Director of the Company. The job offers an environment of challenge and responsibilities; an outstanding candidate is assured of rapid growth opportunities. Personality traits like motivation, quick grasping power, mental flexibility, maturity and balance, self confidence, ability to effectively deal with people at all levels would be of value. Total commitment to work is a pre-requisite.

The Emoluments: Our clients would offer an attractive remuneration package and have an open mind towards incentives linked with the performance. Provision of company flat, if required, can be considered. All applications will be treated in strict confidence. Please write within 7 days along with telephone contact numbers to:

CHANDER BATHEJA
Chief Executive

THE CONCEPT
Counsel of Management Services,

67, White Hall (Next to Hotel Shalimar at Cumballa Hill)
143, August Kranti Marg, BOMBAY-400 036.
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The successful candidate is likely to be a widely travelled MBA in the age group of 35-45 years with extensive knowledge of various industries.

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Candidates should be Mechanical Engineering Graduates with around 12 years relevant experience at senior levels having adequate exposure to implementation of large projects. **Exposure to battery manufacture will be a definite asset.** Age Group: 35-45.

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The person selected shall be responsible for the total financial planning & controlling, costing, financial accounting, budgeting, cashflow monitoring, liaison with banks, financial institutions, government authorities, merchant bankers, etc. Ability to handle taxation and Company Law matters independently would be considered as an additional qualification.
The responsibility will include integrating branch and financial accounts and will involve co-ordination, consolidation and maintenance of accounts at Head Office/ Plant/Branches and effective liaison with Branches/Plant/Computer Services.

PERSON

Candidate shall be a Chartered Accountant/MBA (Finance) preferably in the age group of 35-40 years.
The candidate should be with at least 5 years' senior level experience in reputed manufacturing Company.
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(MS/5272)

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The incumbent will be primarily responsible for directing and controlling the activities of a research and technical design function which will lead to improved product, increased output and/or reduced costs.

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Remuneration will be in line with the best in the industry and will include senior management perquisites.

Please apply in strict confidence within 7 days to :

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Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked with the relevant MS number.

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Applicants should be well qualified electronics engineers, preferably with an MBA from a reputed institution and have around 10-15 years experience in a high- tech electronics Company, of which at least 5 years should be as a profit centre head or equivalent level. Demonstrated ability to steer a Company along a growth path and strong leadership qualities are essential pre-requisites. Preferred age group 40-50 years.

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Barakhamba Road
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The Corporate Personnel Manager
TATA EXPORTS LIMITED
'A' Block, Shivsagar Estates
Dr Annie Besant Road
Worli
Bombay 400 018

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Candidates should be Management Graduates with specialisation in Marketing, having 5-7 years' exposure at the managerial level in Marketing/Product Management areas.

Age: around 35 years.

Compensation package will be attractive, including all perks that go with managerial positions.

Applications with detailed resume and recent passport-size photograph may be sent within 10 days to:

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Preferred age group is 30 – 35 Years.

Salary is not a constraint to the right candidate. Besides salary, perquisites include HRA, Medical Benefits, Leave travel concession, Superannuation, CPF etc.

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Hyderabad, a joint venture with Andhra Pradesh Electronics Development Corporation Ltd., is the leading innovator in the fields of Graphics Systems, Vision Systems, CAE Systems and Publishing Systems. **VISIONLABS** *develops highly specialised software packages with totally indigenous expertise and manufactures specific hardware systems.* **VISIONLABS** *product range includes Vision Designer, Vision Structures, Vision GNC, Vision GKS, Vision Coregraph, Vision Scan, Vision Landscape, Vision IPKS and Vision Publisher.* **VISIONLABS** *recently revolutionised the CAD workstation concept by introducing for the first time in the country, VISION TRIDENT--the only multi-terminal CAD Station made in India.* **VISIONLABS** *is a rapidly growing Company with its branches located at New Delhi, Bombay, Madras and Bangalore. To sustain the Company's growth, it invites young, dynamic and result-oriented professionals with a proven track record to join its team at the Corporate office in Hyderabad and at other branches.*

REGIONAL MANAGER
Delhi/Bombay

The incumbent will be responsible for the achievement of sales targets in his area & for effectively leading the sales and support team in increasing penetration of the Company's products in the various market segments and will also be responsible for market development for new products in the region. Candidates should preferably be MBAs from IIMs or other leading institutes with an engineering background and with a minimum of 6 years' experience in marketing Computer/Office Automation/ Industrial Products. Preferred age - 30-35 years. Gross remuneration Rs. 80,000/- p.a.

HRD MANAGER

The incumbent will be responsible for the overall personnel function including management development, industrial relations, hiring and training of the work force. The candidate should be a post-graduate in Personnel Management from IIMs, XLRI or the Tata Institute, with a minimum of 7 years' experience in an organisation predominantly composed of Professional Staff. Should have independently handled a major aspect of the personnel function for atleast 2 years. preferred age – around 35 years. Gross remuneration - Rs. 75,000/-p.a.

MATERIALS MANAGER

The incumbent will be responsible for the materials management functions involving Vendor Development, Procurement Planning for both indigenous and imported Electronic Components, Value Engineering, etc. The candidates should be engineers from reputed institutes, preferably with post-graduation in Management or Materials Management and should have 5 years' managerial experience in purchase with exposure to import procedures. Preferred age - 30 to 35 years. Gross remuneration - Rs. 75,000/-p.a.

ALL INDIA CUSTOMER SUPPORT MANAGER

The incumbent will have overall responsibility for the function and will have to lead a team of Hardware and Software engineers and co-ordinate all activities regarding post-sales support, including Hardware/Software Installation, Maintainence, Quality Control, Customer Training, Documentation. The candidate should possess a degree in Electrical/Electronics/Computer Science and Engineering from a reputed Institute with around 10 years' relevant experience. Preferred age - Around 35 years. Gross remuneration - Rs. 80,000/-p.a.

EXPORT MANAGER

Candidates should be engineers with a diploma from IIFT and with a minimum of 5 years' experience in Exports. Experience of Export Market Development & Software Export is preferred. Age 30-40 years.
Gross remuneration - Rs. 80,000/- p.a.

Please apply in strict confidence with detailed bio-data, giving particulars of experience and last salary drawn within 15 days to:

CIRE

Dr. Ram K. Rao
Consulting and Research Enterprise
3-6-69/2A, Basheerbagh
HYDERABAD - 500 029 (A.P)

A FUTURE IN SPECIAL STEELS

An established, growing Company, in the business of mild steel, with a present sales turnover of Rs. 20 crores, plans to diversify into the area of manufacturing and marketing of Special Steels.

To succeed in this project, the Company is looking for additional superior talent:

PROJECT MANAGER to be located in Ratlam (M.P.) Code: (SP/PM)
Reporting to: Chief Executive

Candidates should be Graduates in Mechanical/Metallurgical Engineering, with 7—10 years experience in Mini Steel Plants, preferably in Special Steel Projects. This experience should include conceptualisation, production and implementation of projects.

DEPUTY MATERIALS MANAGER to be located in Ratlam (M.P.)
Code: (SP/DMM) Reporting to: Materials Manager

Candidates should be Degree/Diploma holders in Engineering, preferably with a diploma in Materials Management, with 5-8 years experience in purchase, and inventory management. Experience in a mini steel plant is desirable.

APPLICATION ENGINEERS to be located in Pune/Ahmednagar, Ratlam — (M.P.) Code: (SP/AE) Reporting to: General Manager (Sales)

Candidates should be Graduates in Metallurgical Engineering, with a minimum of 5 years experience in the same function in the Special Steel Industry. Responsibilities will include developing and expanding the customer base and identifying new applications.

SENIOR ACCOUNTANT/ACCOUNTS MANAGER to be located in Bombay. Code: (SP/SA-AM) Reporting to: Manager — Accounts

Candidates should be Chartered Accountants/Cost Accountants with 7-10 years experience in a similar position in the Steel/Engineering industry, in the areas of Accounting and Finance, Working Capital management and Taxation.

The work environment will be challenging and development oriented. The compensation package will be commensurate with qualification and experience.

Please apply with complete bio-data, including salary details. The respective code should be stated on the envelope and the application sent to:

Box No. AA/307/LC/1, **Business India,** Wadia Building, 17/19 Dalal Street, Fort, Bombay-400 001.

ULKA-12776

PROFESSIONAL MANAGERS

We are a multi activity managment services organisation with senior level Executive placements as major activity, segment. In order to serve our client base, comprising of foremost names in the electronics industry in Computers, Components, Office Automation & Telecommunications, we require the following personnel:

MARKETING/PRODUCT MANAGERS-New Delhi

Graduate Engineers with minumum 5 years experience, in Telecom Equipment, EPABX, Office Automation products or consumer durables.
A management degree from IIM'S/ equivalent institutes will be a distinct advantage.
Engineers/Graduates with 0-3 years Experience may also apply for Marketing Executives.

ACCOUNTS MANAGER/ASST MANAGERS - New Delhi/Bombay

Chartered Accountant s with 2-6 years post qualification experience.

MANAGER EXPORTS - New Delhi

Graduates with 6-8 years direct exposure to exports, of which 2-3 years should be in exports to Eastern Block Countries/Russia.

Vaccancies also exist for **MATERIALS, PRODUCTION, R&D, & CUSTOMER SUPPORT ENGINEERS** (Hardware & Software) at middle & senior levels. Candidates with suitable exeprience & qualifications may apply.

Excellent growth prospects exist for the selected candidates, and emoluments are comparable with the best in industry.
Those who have applied earlier need not apply again. Their particulars are stored in our data bank.

Please write to

TECHNOMAN CONSULTANTS
6-N, Block Market, Greater Kailash-I,
New Delhi-110 048, Phone: 6443232/672342
Telex: 031-61743 LEPL IN, Fax: 011-6445654

PROFESSIONAL MANAGERS
For Office Automation (OA) Products

Our clients are a reputed OA company market leaders, having prestigious collaborations with Japanese, European & American Companies & having a turn over of about Rs. 50 crores.
We have been retained to recruit Senior Executives for the following positions.

REGIONAL SUPPORT MANAGERS-Bombay/ New Delhi
(Rs. 80,000/- p.a. plus car)
To look after Customer Service Operation and Sale of maintenance contracts, services and consumables. Applicants should be Engineers, with about 8 years experience in a responsible position in the service department of a reputed consumer durables company.

TECHNICAL SUPPORT MANAGER - New Delhi
(Rs. 75,000 per annum)
To provide technical guidance to the service operation and act as a nodal communication link between Production/R&D and service teams for Product complaints, improvements, new Products, & issue Technical News Letters etc.
Applicants should be Electronics Engineers with 6-8 years experience in field maintenance of Computers/OA equipment, and good written comunication skills.

LOGISTICS MANAGER - New Delhi
(Rs. 75,000 per annum)
For inventory management, planning, ordering & material movements.
Applicants should be graduates with 6-8 years experience in stores, preferably in an electronics company.

R&D MANAGER - New Delhi
(Rs. 1.0-1.5 lacs per annum plus Car)
To head diversification projects in various divisions including OA.
Applicants should be M.Tech/B.Tech (Electronics) with at least 8 years hands on experience in R&D. They should have led at least 2-3 projects in Hardware/Software.
Excellent growth opportunities exist for the right candidates.

Please write to:

TECHNOMAN CONSULTANTS
6-N, Block Market, Greater Kailash-I,
New Delhi – 110 048, Phone: 6443232/672342
Telex: 031-61743 LEPLIN. Fax: 011-6445654

Shilpatsi

SHILPUTSI Consultants have been retained by **G E International** to recruit

BUSINESS DEVELOPMENT MANAGERS –

DELHI

GE (The General Electric Company of USA) the world leader in high technology seeks to accelerate its business growth in India. The plans include setting up of joint ventures, technology transfers, import and exports for various GE businesses such as aircraft engines, power generation, transportation, medical diagnostics, engineering plastics, aero-space and electrical equipment.

The job : The Business Development Manager will scan the environment to seek opportunities in diverse fields. He will be responsible for agreeing with GE Business Head Quarters on short and long term plans for the areas under his charge and guiding them to fruition. He will also have opportunities to move into line management in joint ventures to be set up with G.E. collaboration.

Qualifications : We are looking for very bright individuals with a science or engineering background preferably with post-graduation in management. Familiarity with domestic and international business is essential. Those having experience in international commercial operations involving technical products will have an advantage.

Age : 30 – 35 years.

Remuneration : The selected candidates will be part of the GE International team in India and the remuneration package has been designed to attract the best talent in the country. The position offers excellent career prospects in India and possibly abroad.

Please apply in strict confidence to:
Mr. Tarun Sheth
C/o. **SHILPUTSI CONSULTANTS**
P.B. No. 9386
Bombay 400 026.

WHERE PERFORMANCE IS MATCHED WITH PROMISE.

A well established reputed and fast growing construction and civil engineering Group is in search of :

1. Manager Administration and Accounts :

Chartered Accountant/MBA with 5 years experience in supervising, upkeeping of accounts and cost control in a companies with annual turn over above Rs. 10 crores. Similar experience with a Construction Company will be preferred. Qualification may be relaxed for longer and more suitable experience.

2. Manager Training :

The incumbent should be responsible for planning/organising and conducting training of staff and workers on regular basis and creating a culture of quality and efficiency through out the organisation. Candidate should be a graduate engineer and or MBA. Age 35-40 years with 10 years relevant experience in similar position.

3. Manager planning and systems :

The incumbent should be graduate in civil engineering with 10 years experience in a similar position in a civil construction Co. Additional MBA qualifications, will be given due preference.

4. Executive Trainees :

Candidate will undergo extensive training for one year. After successful completion of the training they will be absorbed in officers category. The incumbent should be Civil engineer or commerce graduate or MBA, CA or ICWA with one year practical experience. Fresher with exceptional record will also be considered.

The group offers excellent opportunities for personal and professional growth.

Salary and perks will be commensurate with proven abilities.

Please apply with full details and emoluments expected to Raj Kishan Group.

Box No. AA/307/CR/2, **Business India,** 59,Regal Building, Connaught Circus, New Delhi-110 001.

Our client, a Rs. 300 crores Company with multi unit activity and multi product interests belonging to one of the best known industrial houses in the country is on the look out for outstanding young professionals to be located at any of their units in the North, in its various functional areas.

CHARTERED ACCOUNTANTS/MBA'S (FINANCE)

(MS 4915)

The incumbents will be placed in functions such as management accounting, finance, internal audit, taxation, accounting and rotated through the same to develop all round expertise.

ENGINEER—MBA'S/MBA'S

(MS 4916)

These are for positions in marketing, production, materials management, factory operations, engineering and personnel. One of the positions is in the projects division for a chemical engineer -MBA.

Candidates should have outstanding academic records from premier institutions and have around 3 years experience in large organisations of repute. Preferred age group 27-30 years. These are fast track positions within the organisation and growth prospects are excellent, subject to performance. An all inclusive salary of Rs. 6000 - Rs. 7000 per month is envisaged for all the positions, though it is unlikely to be constraining factor for deserving candidates.

Please apply in strict confidence within 10 days giving full details of age, experience and qualifications to:

A F Ferguson Associates
Hansalaya
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New Delhi-110 001

All applications and envelopes should be marked with appropriate **'MS' numbers.**

If you still think Bombay is the only place to earn your advertising spurs...

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MAA House, No.6, Service Road, I Stage, Domlur Layout, Bangalore-560 071.
Phone: 566084, 570003. Grams: Publitas. Telex: 8172 MAA IN. Post Box No. 7109.

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EXCITING CAREERS FOR PERSONNEL PROFESSIONALS

We offer a unique opportunity for high calibre personnel professionals to build a career with us. Selected candidates can look forward to specialising in functional responsibilities or general management through diverse business exposure, need-based training and planned career development.

The Personnel function in the Group plays a strategic role and shares responsibility both at the corporate and unit level, for the bottomline results. The primary focus is on facilitating and managing various organizational and human resource development processes that have a bearing on the viability and growth of the business.

We are on the look out for persons with sound professional skills backed by a proven track record in the following areas:

- **Manpower Planning & Selection**
- **Training & Development**
- **Industrial Relations & Employee Welfare**

Conceptual clarity and skills will be of greater interest to us than educational qualifications alone and suitable candidates will be innovative, sensitive to human situations and possess missionary zeal for developing people. Preferred age group is 28-35 years.

The Unilever Group in India has a common pool of management resource which enables it to offer considerable career opportunities. An attractive remuneration package including housing which compares with the best in the industry will be offered.

If you are interested in a career opportunity with us, do mail your resume to: Mr. P. J. Kamath, Head, Human Resources Development, Hindustan Lever Ltd., P.O. Box 409, Bombay 400 001.

LINTAS HLL HRD 352 2218

KALYANI

Kalyani Steels

SENIOR MANAGEMENT PERSONNEL

Kalyani Steels has a unique record of growth and achievement in the area of Special Quality Carbon and Alloy Steels. Our present turnover is approximately Rs. 600 million per annum and our employee turnover has been below 1% per annum for the last ten years.

We are setting up a project to manufacture Sponge Iron in Raigad Dist. near Alibag, which is about 100 kms. from Bombay. The project is situated on the West Coast which,though scenically beautiful, yet needs to be developed for industrial growth. The project location is not a dreamland today, but we desire to make it one, with your help.

The persons we are looking for will be Engineers with a Management qualification and at least 15 years of experience in project implementation in the Petro Chemical/Cement or Steel sectors; they should have independently handled projects of not less than Rs. 500 million. Experience will include all activities from taking possession of land up to commissioning of equipment. Particular emphasis will be laid on Contract negotiations, Purchases, Co-ordination, Site supervision, Erection of machinery,etc. The base of operations is likely to be Alibag.

Emoluments will include,in addition to the basic salary, Rent-free house, Company Car with a driver, LTA, Medical Reimbursement, Entertainment Allowance, Superannuation, Provident Fund, etc.

Apply within 10 days with full details of experience and salary drawn and expected, mentioning code no. KKS/001 on the application,to:

Personnel Manager,
Kalyani Steels Limited
Mundhwa, Pune - 411 036

Kalyani Steels

Pratibha 89-516

Hindustan Lever Limited | Lipton India Limited | Brooke Bond India Limited | Pond's India Limited

EXCITING CAREERS FOR COMMERCIAL PROFESSIONALS

We offer a unique opportunity for young (under 30) and ambitious Accountants/MBAs with at least 3 years experience, to build a career with us.

We consider that an accounting or business management background offers flexibility for deployment and growth in our commercial function encompassing financial and management accounting, treasury operations, purchasing, commodity buying, operations planning etc.

It is our belief supported by the Group's worldwide experience that new entrants gain enormously by an early start in Internal Audit. Besides a broad business and organizational exposure, it provides an excellent opportunity to sharpen skills within an environment of analysis, debate and team work. In this process, a foundation gets laid for a career in the commercial stream leading to general management responsibility.

Some of the selected candidates may thus start their careers in Internal Audit where the emphasis will be on assessing the adequacy of internal controls and systems as well as making suggestions for improved performance. Extensive travel will be involved for carrying out audit assignments of Group Companies, both in India and abroad.

The Unilever Group in India has a common pool of management resource which enables it to offer considerable career opportunities. An attractive remuneration package, including housing, which compares with the best in the industry will be offered.

If you are interested in a career opportunity with us, do mail your resume to: Mr. D F M Hayn, Audit Manager, Hindustan Lever Limited, P O. Box 409, Bombay 400 001.

LINTAS HLL DRD 349 2.115

OVERVIEW CONSULTANTS

Invite professionals in following disciplines to be part of our data bank and immediate vacancy for large number of clients in the top companies / Industries mentioned here.

DISCIPLINES

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PPC
Ind Engg.
Process Planning
Maintenance
CNC
Mechanical
Electrical

Production
Quality Assurance/
SQC
CNC Operations
Vender Development
Indigenisation
Inventory Management
Excise
Finance
Accounts
MIS
EDP
Company Secretary

HRD
IR/T & D
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Commercial
Welding Engineer
Chemical Engineer
Metallurgical Er.
Mining Engineers

INDUSTRIES

Computers/Mini/
Main frame
RAX/EPABX
Plain Paper Copiers
Electronic Typewriters
Peripherals
Capital Equipment
POY/PFY/Petrochemicals
Tyres/Tubes
Paints/Chemicals
Paper Industry

Heavy Earthmoving
Automobile
Auto Electricals
Cement
Steel
Fertiliser
Process Control Instruments
Test & Measuring Instrument
Medical Instruments
Electronic Components

Washing Machines
Refrigerators/TVs/
Audios
Vacuum Cleaners
Domestic Filters
Fast moving consumer items
Pharmaceuticals
Processed foods
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Advertising Agencies
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LEVELS

General Managers Managers Astt. Managers Sr. Executives

Sales and after sales service professionals are required from Town level to District, Branch, Regional & National Level responsibilities.

Please apply in strict confidence within 15 days with passport size photograph & at least one contact telephone stating job and location preferences.

OVERVIEW CONSULTANTS
B-4, Vishal Bhawan, 95, Nehru Place
New Delhi-110 019

GTN
TEXTILES
LIMITED

FINANCIAL MANAGER CUM COMPANY SECRETARY

We are a Government recognised 'Trading House' as well as a front-running yarn exporting mill. We require a competent professional to head the Finance Department and also act as Company Secretary. Applicants should be around 40 years, with a minimum of eight years' experience at a senior level in managing all financial and accounting responsibilties. Applicants should be qualified Chartered Accountants & Company Secretaries experienced in General Finance, Project Management, Corporate Taxation, interaction with financial institutions, banks and able to handle Costing, Financial and Management Accounting independently.

Remuneration will commensurate with qualifications and experience.

Apply within 10 days with complete bio-data to :

The Managing Director
G.T.N. Textiles Limited
P.B. No. 101
Alwaye 683 101 Kerala.

A PATODIA GROUP COMPANY

Mudra:C: GTN :163

SHRIRAM

DEPUTY DIVISIONAL MANAGERS

Emoluments:
Over Rs. 1.00 lac p.a.
plus Co. Car.

If you are a young man in the age group of 25-35 with a proven track record in sales/marketing, join us, the No. 1 in consumer durables in the country. Our product range includes Usha fans, sewing machines, home appliances, furniture, automotive components and agricultural equipment among many others.

Our growth in terms of sales and addition of new products is commendable. We are looking for motivated and energetic young men,to assist us in this growth through their own experience and efforts, and with the help of our extensive professional training programmes.

You need not necessarily be a M.B.A. or a first class first if you are result oriented.

When you join Usha, you join a "Group" with maximum promotional and growth possibilities. The requirement is application, a balanced managerial approach and maintenance of ethical standards in all activities. On fulfilling this, there is no limiting factor in terms of position or emoluments for the right candidates.

At Usha, in about three years you should become a Divisional Head or a Deputy National Product Head at emoluments of over Rs. 2.5 lacs per annum.

Please apply within 10 days giving full particulars in an envelope marked P-89/90-27 to : Usha International Ltd. (Organisation & Personnel Section) Post Box No. 504, New Delhi - 110001. YOUR APPLICATION WILL BE KEPT TOTALLY CONFIDENTIAL.

USHA INTERNATIONAL

CIMMCO INTERNATIONAL

Cimmco International is a leading Trading House, exporting vast and diversified range of products, turnkey projects and services. The Company has an excellent track record of successes in exports of Engineering equipment.

For our Railway and Engineering Division which handles exports of Railway Rolling Stock, Track Material and Wagon spares as also diversified range of Engineering products and equipment, we require two high calibre Executives:

MARKETING MANAGER

The candidate should be a graduate in Engineering with additional qualifications in Foreign Trade from IIFT or MBA from a reputed institute with experience of 8 years in Export Marketing of Engineering/Railway products.

DEPUTY MARKETING MANAGER

The candidate should be a graduate in Engineering with additional qualifications in Foreign Trade or MBA from areputed institute with experience of 5 years in Export Marketing of Engineering/Railway products.

Candidates having experience in International tendering for World Bank/IDA/ADB/AFDB would be preferred. The age group for the above positions is 27 to 35 years. The compensation package will be attractive and will not be a limiting factor for the right candidate.

Please apply within 10 days giving full resume, present assignment with salary drawn and recent passport size photograph, giving position reference on the envelope to:

Sr. Personnel Manager

CIMMCO INTERNATIONAL

Prakash Deep, 7, Tolstoy Marg
New Delhi-110 001

J.M. SHARE & STOCK BROKERS LTD.

Our Company has been promoted by J.M. Financial & Investment Consultancy Services Ltd., which is a Multi-Division, Multi-Location Leading Financial and Investment Consultancy company, for the purpose of Marketing various Financial Instruments in the Primary Market – Domestic as well as Non-Resident and conducting Stock Market Operations. We now wish to recruit the following personnel:

MANAGER – MARKETING

The Incumbent would be expected to devise appropriate strategies for marketing Capital Issues and other Financial Instruments. The markets covered will be Domestic as well as Overseas and will include Corporate and Institutional Clients. The Marketing Manager will be assisted by a number of executives.

MANAGER – RESOURCES

The Incumbent would be expected to participate in the design of marketing strategies for meeting the financial requirements of various clients. He would then be expected to execute the action plans through a Network of Branches and Sub-brokers.

Selected candidates would be MBAs/CAs with specialisation in Finance or Marketing with finance background in the age group of 30 to 35 years with a minimum of 3 years experience in Financial Consultancy/Leasing companies/Nationalised or Foreign Banks. Sound knowledge of Company Law, MRTP, FERA and experience of dealings with RBI is a pre-requisite to success for this position. Knowledge of stock market operations would be an advantage. Salary will not be a constraint for the appropriate candidates.

Please apply with full particulars, in utmost confidence within 10 days superscribing the envelope with the Post applied, to:

General Manager – Personnel

J.M. FINANCIAL & INVESTMENT CONSULTANCY SERVICES LTD.

112, Jolly Maker Chambers No.2, 11th Floor,
Nariman Point, Bombay 400021

crompton greaves

require
for its Rail Projects Division
located at Gwalior

PROJECT MANAGER

The Rail Projects Division is commencing a new project for the manufacture of mechanical equipment for Railways. The Project Manager will be responsible for the conceptualisation, production and implementation of this project, and on proving his merit, will be considered for General management responsibilities of the plant.

Candidates should have a Degree in Mechanical Engineering from a recognised University and 12-15 years experience in Fabrication, Machining and Assembly of Heavy equipment, preferably Railway equipment.

Experience should include setting up a new plant and leading a team of people. Experience in the use of Computer Aided Design and Drawing equipment will be desirable.

The Company offers a professional working environment and opportunities for development. The compensation package will be attractive and commensurate with qualifications and experience.

Interested candidates may please apply with details of academic background, experience and salary. The code: RPD/PM should be stated on the envelope. Applications may be addressed to:

The General Manager (HRD)
Crompton Greaves Limited
1, Dr. VB Gandhi Marg,
Fort, Bombay 400 023.

Crompton Greaves LIMITED
We were the first. We are the future.

ULKA-12796

EXPORT MANAGER TEXTILES

B. Text/MBA preferred

Europe **Attractive terms**

A reputed international group with substantial interests in textiles wishes to appoint a senior professional for establishing market in Europe for textiles and yarn produced by group mills in Africa and Far East. The group provides a creative and exciting work environment and employs several highly qualified professionals.

Ideal applicants are expected to be textile graduates with MBA from IIM's and 10 years relevant experience. Some experience in export marketing is considered essential. Preferred age group: 30-35.

This is an exciting opportunity offering attractive compensation package and long term career prospects.

Apply immediately quoting Ref. No. CMP/F-3331

DATAMATICS STAFFING SERVICES
Post Box No. 106 G.P.O. Bombay-400 001.

Diason

A reputed Group of Companies manufacturing Industrial Consumables for all India market wishes to appoint young, qualified professionals. All positions in Madras.

R & D MANAGER

PhD in Chemical Engineering or Polymer Chemistry with 10 years' experience in polymer related industry at senior level. Age : 35-45.

PRODUCTION MANAGER

Qualified Engineer with 5-7 years' experience in a process related industry. Age : 30-35.

INDUSTRIAL ENGINEER

Qualified Engineer preferably in Industrial Engineering with 3-5 years' relevant experience in process or light engineering industry. Age : 25-35.

Excellent remuneration commensurate with qualification and experience. Please apply with bio-data giving details of qualifications, experience and present remuneration, within 10 days, to :

Apex Management Consulting Group Pvt. Ltd.,

C-1, 'Rams Square', 2, Village Road, Madras 600 034.

amcon

AREA SALES MANAGERS

DELHI, BOMBAY, CALCUTTA, MADRAS, BANGALORE

IF YOU'RE SUCCESSFUL, YOU COULD OUTGROW THIS JOB QUICKLY.

And in place get a tougher, more challenging, more paying one.

The company : HOPE, started this year by five of the seniormost computer professionals in India, is today already 100 strong.

The products : All technology based and in relatively uncontested markets. The first one — a home education computer—is already launched. And rapidly selling. The second product, out of the design desk and awaiting launch, shall revolutionise the office automation scenario.

The job : Leading a highly motivated sales team that's keen to overachieve.

You : Engineer, MBA with around five years in sales, preferably in the office automation industry. A first-rate track-record in sales is an essential pre-requisite.

If this brief description interests you, write or call Sujit Baksi for a more detailed chat.

HOPE

Hindustan Office Products Ltd.
(In participation with TDICI)
A-54, Okhla Industrial Area, Phase-II, New Delhi-110020.
Phones : 6847215, 6847632

Ramganga Fertilizers Ltd.

Ramganga Fertilizers Limited, a professionally managed Company, is manufacturing Single Superphosphate and Sulphuric Acid at its plant at Gajraula, Dist. Moradabad. It is a part of a well established, fast growing, multi unit, multi product group that includes Vam Organic Chemicals Ltd, India Glycols Ltd and Insilco Ltd. The Company is now diversifying into Marketing/ Manufacturing of Pesticides for which it requires the following personnel:

MARKETING PROFESSIONALS – MANAGER/EXECUTIVES

Applicants should have good academic background in Agricultural Sciences and more than three years experience in Marketing of Agrochemicals. Primary responsibilities will include Market Development, Product Development, Sales Promotion & Distribution.

MANUFACTURING PROFESSIONALS – MANAGER/EXECUTIVES

Applicants should be Chemical Engineers or Post Graduates in Organic Chemistry with a minimum 5-8 years experience in Formulation of Agrochemicals. Primary responsibilities will include efficient handling of manufacturing processes, Quality Control etc. in the Formulation Unit.

The appointment will be made at suitable levels depending on the qualifications and experience. The Company offers good opportunities for advancement and professional growth alongwith an excellent compensation package.

Please apply immediately giving full particulars to:

Ramganga Fertilizers Ltd
2 Western Avenue
Maharani Bagh
New Delhi–110 065

MDO

Ind Global Financial Trust Limited

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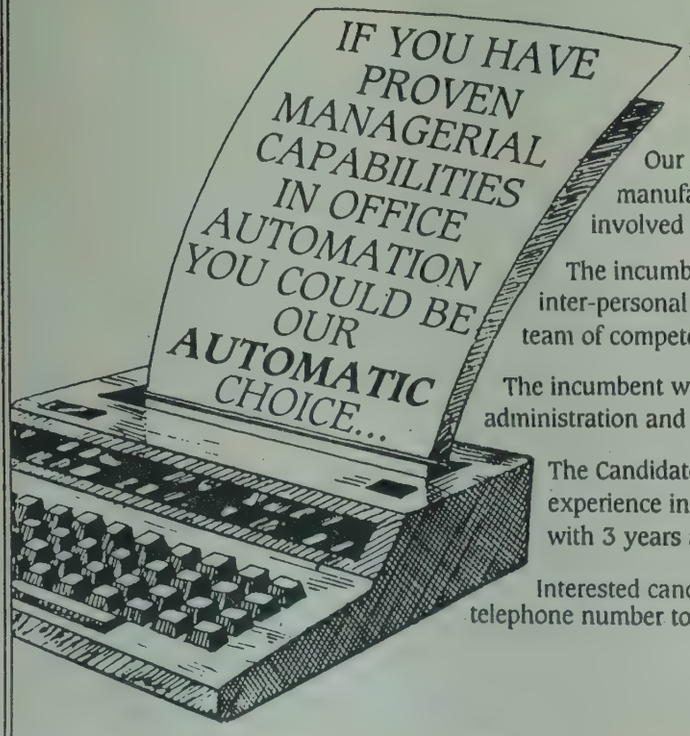

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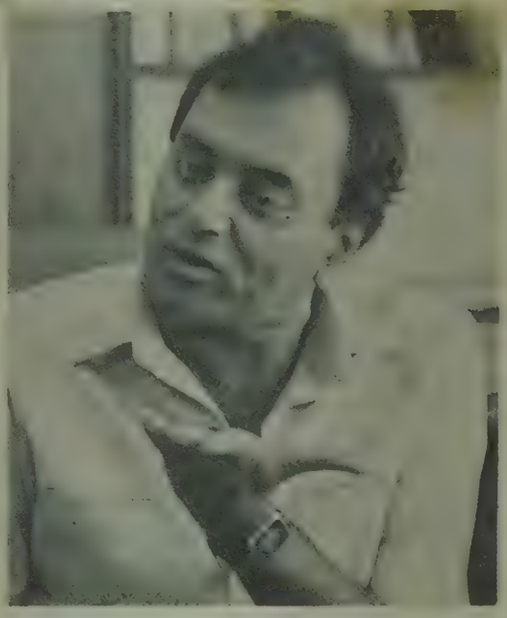

Kamal M. Morarka, *46, is the treasurer of Janata Dal. A science graduate from Bombay's St. Xavier's College, he is also the chairman of Gannon Dunkerley & Co Ltd, a Bombay-based construction company. He spoke to Dilip Maitra of* Business India *about the reforms in election funding and the break down of the nexus between business and government*

What is the fund collection system of the Janata Dal and how much did the party spend on this election?
We don't have any system of fund collection because organisation of funds is not centralised. Individual candidates have collected funds in their own capacities and spent the amount in their constituencies. So, it is difficult to even estimate our total expenditure, but it is certainly not more than 20 to 25 per cent of what the Congress (I) has spent. In fact, we had taken a conscious decision not to distribute funds to candidates on a centralised basis. Most often, the candidates were helped by their friends and well wishers. Besides, some also helped out with vehicles, petrol, the printing costs of posters and audio cassettes. Nothing was centralised.

How much money have you collected from business houses and industrialists for your party?
Not a paisa. We have not approached any businessman or industrialist for money. Whatever we collected is from our members and small donors. At the state and individual levels, people must have got some support from big business houses but I am not aware of any such incident. More important, we have rejected the practice of accepting funds from the big business houses on a quid-pro-quo basis. One of our electoral planks has been the breaking up of the license-donation nexus. It is a sad truth, but, if a big business house is not going to get a license or raise a large sum of money in the market, why should it pay a few crores to any political party? Since we were not going to provide any backdoor licenses, the question of large corporate donations did not arise.

Now that you are in power, businessmen must be offering you large sums of money as donations for party funds.
We have not taken money from business houses and industrialists in the past. Nor will we do this in the future. But we certainly welcome donations from common people, including businessmen and small entrepreneurs. The donations should be spontaneous and not against favours.

What do you perceive to be wrong with the electoral funding system?
The first problem is expenditure. Why should political parties spend hundreds of crores on elections? What is the necessity of paying people to attend rallies and lavishly spending on party workers? A party worker should be committed enough to campaign for a candidate without cash and fringe benefits. If expenditures are less, so will be distortions.

The second problem can be traced back to 1967, when Indira Gandhi abolished corporate funding for elections, to stop the corporate sector from perverting the election process. But exactly the opposite happened. Subtly first, and then brazenly, the corporate sector continued funding elections — on larger scales since they now expected industrial licenses in return. And once black money entered the system, it spread like a virus.

How do you propose to reform the election funding process?
There are many ideas. But the most important step, according to me would be a drastic reduction in expenditure itself. Most of this is wasteful in na and we can do very well without it. trouble is that expenditure always to go up when there is competition our government spends less, then i be that others will also follow suit. huge campaign costs can also be reduced by allowing the candidates use electronic media — the TV and radio.

Once expenditure is reduced, hal problem is solved. For collecting fu there should be centralised system state funding. Companies and big houses should donate openly to son organisation under the Election Cor.mission and the funds thus collected should be distributed proportionately to the different part Although it looks very simple, in pra it will be extremely difficult to follo Such a system will have to be well thought of and worked out in detail.

Another option can be that partie themselves should be allowed to col donations. And all such donations should be disclosed. Certain tax concessions can also induce donors make such donations official.

Your leaders have been talking abo breaking the nexus between busin men and the government. Given th fact that every political party need money, how will you go about it?
Yes, we all need money for party wor But small donations from our memb and patronisers will be enough for u The very fact that prime minister V.P Singh repeatedly talks about breakin this nexus, shows how serious he is c this matter. Besides, our government will work according to given norms, r and regulations. If you work accordin the rule and do not show any special favour to anyone there is no reason f anyone to bribe another person. If a minister does not yield to pressure or money, then, there will be no nexus. I if we find that there is some link it wi be severely dealt with.

Do you think that electoral reforms will stem the generation of black wealth?
Frankly no. In the economy, black mo is not generated only to finance partie or to fight elections. Black money is al cornered for a variety of other purpos So, while one reason will be eliminate you cannot eliminate black wealth itse through electoral reforms.

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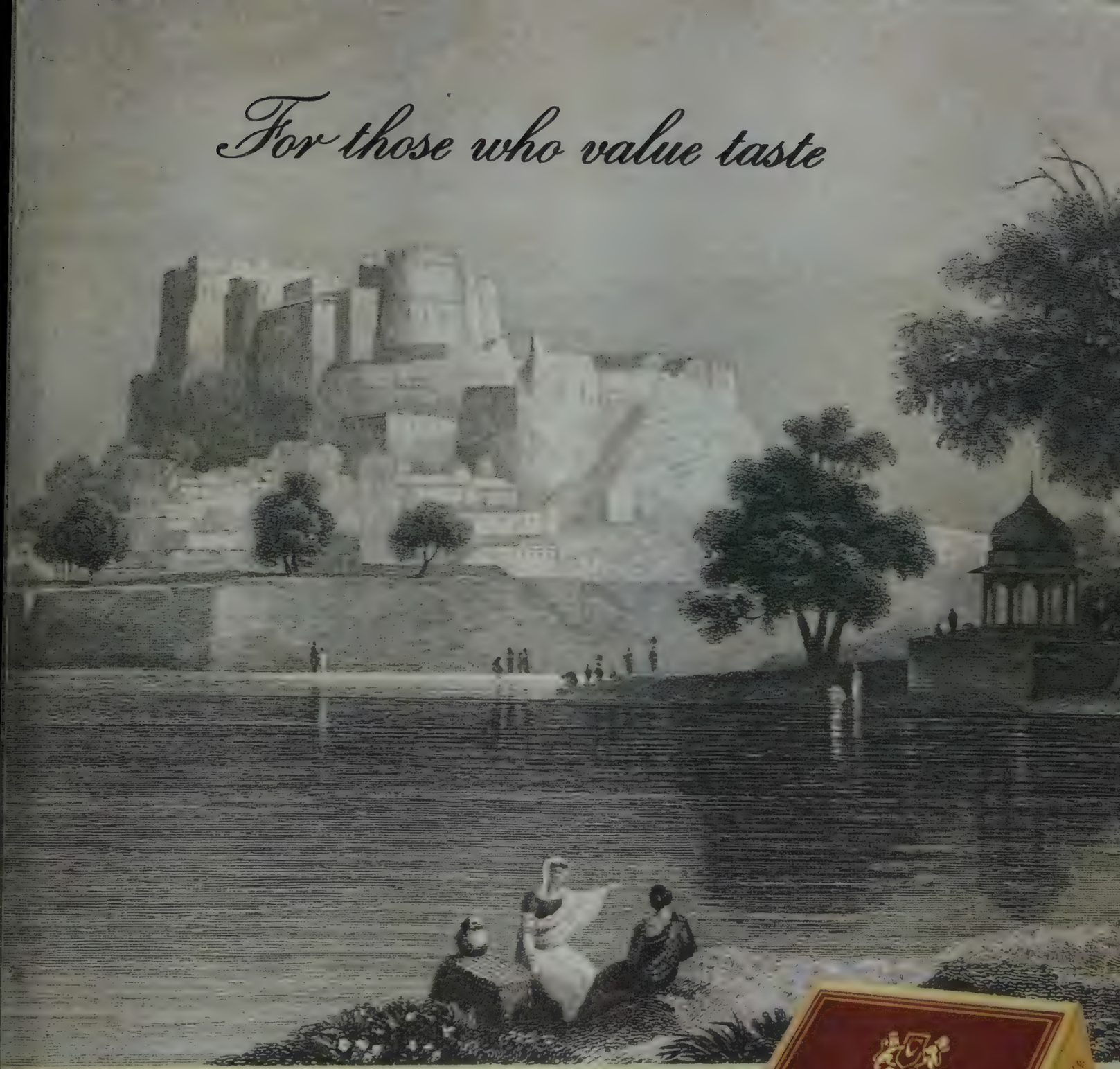

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